

*Housing Authority
Misc*

PUBLIC HOUSING

NHA RESPONSE TO HUD
FINDINGS AND RECOMMENDATIONS
FEBRUARY 22, 1971

HUD REVIEW

A SUMMARY OF THE EXECUTIVE DIRECTOR'S
REPORT TO THE BOARD OF COMMISSIONERS
OF THE NEWARK HOUSING AUTHORITY - February 22, 1971

Muse

The Newark Housing Authority was advised by HUD in December of 1970 that a review of all phases of the Authority's operations would be conducted during a three week period in January, 1971. It was then explained that the purpose of the review was to assist the Authority in improving its operations, perhaps effectuate some economies, and provide better services for tenants.

The Authority was led to understand that the findings of this review, the second Management Review within three months, would be the subject of mutual discussions before any final recommendations for improvement were suggested. Because of the rent strike currently in progress in several Authority projects, the Newark Housing Authority requested that the review be deferred for several months until the strike was settled or adjudicated, since the HUD findings and the ensuing publicity might seriously undermine the negotiation efforts. The Authority also requested that the proposed review be conducted by an experienced, impartial, outside concern, which could not possibly have any vested interest in the outcome of the review.

These requests were summarily rejected. The HUD findings were made public on January 28, 1971, before anyone at the Authority had an inkling of what they contained; indeed, Newark Housing Authority was not aware there were any findings until this time. The Authority officials were informed that HUD had released their findings to the press before the meeting was even held. Certainly the Authority had every right to expect to receive and review the findings before anyone else did, so that at least a preliminary response could be prepared. All previous Management Reviews had been conducted in an entirely different, professional fashion, with discussions between HUD and Authority officials, and eventual implementation of necessary changes.

Briefly, HUD "specialists" were to conduct a detailed review and study of our operations, and they in turn would submit them to HUD "generalists" who would meet with the local Authority's representatives to discuss their findings in detail in order to better understand them in the light of the Authority's experience. Thus, the mutually arrived at findings were to be incorporated into the final report which would then be formally presented to the local Authority.

During these discussions the Authority expressed its apprehensions about the whole plan generally, reminding the HUD officials that we had undergone a Management Review only two months previously and that it was more than a little concerned that politics may have been a motivating factor in HUD's decision to conduct two Management Reviews within a three month period. We were hastily and emphatically assured that this was not the case, and that HUD's only purpose was to assist the local Authority to resolve its many problems, not the least of which was its fiscal dilemma.

The Authority has, then, as any rational, well-informed citizen might have, serious reservations about the motives which prompted HUD to conduct its review in the manner it did, especially in view of HUD's failure to comply with its own review practices.

The findings themselves, in many cases, reflect the haste with which HUD conducted the Review, in that there are many generalizations, outright inaccuracies, and outlined recommendations for changes which have either already been implemented, or previously been ordered by HUD. They also demonstrate that there is a basic lack of understanding on the part of HUD of the conditions that have existed in Newark as they reflect upon the Authority's operations. With an obvious recognition of the serious defects contained in its report, HUD described

it as just a summary of a more detailed report which would be presented to the Authority in a few days. No such detailed report has been submitted to the Authority as of this writing.

The financial problems of the Newark Housing Authority are attributable, not to mismanagement as the HUD report attempts to portray inferentially, but to factors over which the Authority has had no control. These factors are not restricted solely to the Newark Housing Authority, but are endemic to large urban housing authorities throughout the nation, in similar ways. It is extremely important to understand that the current fiscal problems in the Urban Renewal section of the Authority have a totally different cause, and are unrelated to those facing Public Housing.

In the case of Urban Renewal the problem stems from the fact that HUD has failed to provide the money, that is, it has not funded the urban renewal programs it had already approved. The problem is compounded by the fact that at HUD's direct insistence the Authority increased its Relocation and Community Relations staff by 149 employees. The Authority submitted a number of Amendatory applications to its Consolidated Administrative Budget to cover the increases represented by these additional salaries. On April 24, 1970 the NHA received a letter from HUD outlining, by year, the additional funds for which the Authority may apply. To date not a penny of these funds has been received by the Authority.

And yet, almost one year later, HUD accuses the Newark Housing Authority of carrying too great an Urban Renewal payroll! On the one hand HUD caused the NHA to hire more personnel, and thus spend more of its money on salaries, and on the other hand, it accuses the Authority of having too many employees on its payroll, and offers this alleged overstaffing as a cause of the Authority's fiscal difficulties.

As mentioned above, the factors underlying the Authorities financial problems in the Public Housing sector are quite different.

What are the factors which affect Public Housing? There are three:

1) the changing composition of the tenants of Newark's public housing, --i.e., the precipitous increase in underprivileged and disadvantaged tenants; 2) the nationwide acceleration of the inflationary spiral and the reduction in purchasing power; and 3) the nature of Federal development financing which, by its refusal to accept local conditions, has resulted in the construction of inadequate physical facilities to meet the needs of our present tenancy.

The Urban Institute has indicated that "the collapse of public housing is a direct result of the failure of income from tenants to keep up with rising maintenance costs." (Sunday Star-Ledger, Feb. 7, 1971.) The Authority's cost/income gap results in great part from this nationwide situation. There are simply not enough families in Newark who are able to pay rents sufficient to reimburse the expenses incurred by the Authority in its management efforts. Paradoxically, as the Authority does its job better, of providing decent, safe, and sanitary housing for those who can't afford it elsewhere, its financial position becomes worse proportionally.

It should be mentioned however, that the financial situation of the Newark Housing Authority, despite the problems outlined here, is much better than those of many other large housing authorities throughout the country. For example, the current deficit per unit of Washington's local authority is \$449.00; of Philadelphia's, \$261.00; of New York's, \$180.00; of St. Louis', \$167.00; while Newark's is only \$102.00. The prospects of these authorities, including Newark, add up to a financial crisis of unprecedented dimensions, which HUD has shown no signs of facing up to.

It must also be noted that the Authority provides many social services to its tenants, which it is not obligated to do, since the city of Newark cannot afford to fund these necessary services and programs. It is quite true to say the responsibility is the city's; however, the city has insufficient funds to provide such services. In any event, the tenants may be citizens of Newark, but they live in the Authority's properties, and we must provide for them as well as for the physical plant.

Another cause of the Authority's present financial problems has been inadequate development funding, in terms of very strictured cost limitations. Because of this, many essential items had to be added on and paid for, at greater cost, out of the Authority's cash reserves and management operating funds. The Authority also had to use lower equipment standards to fit into the inadequate cost allowances. This has meant that replacement and renovation costs have been correspondingly high. As a result, the Authority has unfairly been forced to subsidize development costs by using rent money.

Another result of this inherited funding practice is the present deteriorating condition of some of the Authority's physical structures, and the resultant complaints by the tenants of poor living conditions. Some of the tenant demands the Authority has been quite able and willing to comply with under the modernization program-- e.g., new site lighting at various projects, and peep holes and new door locks installed; tenant review boards established; new stoves and refrigerators installed; etc. Other demands the Authority has been unable to comply with, due in large part to present legal restrictions. For example, the demand for tenant representation on the Authority's Board of Commissioners is an issue over which the Authority has no control, since five of its commissioners

are appointed for five-year terms by the Mayor of Newark. A sixth member is appointed by the Governor of the State to serve at his pleasure.

Another factor has been inflation, which has increased drastically the Authority's costs for mandated expenditures over the past few years. Such costs as pension fund, hospitalization and medical, social security, and workmen's compensation, have increased enormously over the past few years. For example, the management share of the pension fund has risen from \$198,775 in 1965-6, to \$462,972 in 1969-70, and of hospitalization and medical from \$119,388 to \$419,491, during the same period. Likewise, social security costs have risen from \$115,222 to \$271,291, and workmen's compensation from \$143,998 to \$294,325. In addition, employees' wages have risen in proportion to recent cost-of-living increases. And, of course, routine maintenance and repair costs have grown at an accelerated rate. In addition to these increased costs, the Authority is legally committed to purchasing sulphur-free oil fuel, which will cost \$.07 per gallon more than regular fuel. The Authority consumes approximately 12,000,000 gallons of fuel a year. Thus, an additional expenditure of \$840,000 per year will be required.

The Authority has instituted economies in those areas over which it has control. In November, 1970, a freeze was begun on all new hiring. In January of 1971 this freeze was extended to include restrictions upon hiring of all types of employees, including replacements. In addition, the Authority has received full cooperation from Local Union 305 in working towards greater productivity and reducing overtime costs. All such work must now have prior approval from the Assistant Executive Director in charge of Management Services. He in turn approves overtime for emergency work only.

But all these, and more, efforts at economizing and streamlining are merely temporary alleviations of basic problems which cannot be solved without increased federal funding, as the above discussion of the cause of the Authority's cost/income gap indicates. They only hasten our precipitous approach to bankruptcy and federal receivership.

Increased subsidies from the federal government are the only realistic solution to the Newark Housing Authority's financial difficulties, as well as to the financial problems of many local housing authorities throughout the country. If subsidies can be made available to farmers not to grow their crops, if tariffs can act as subsidies protecting the textile industry, if airlines and other forms of transportation can receive financial benefits which amount to subsidies, surely local housing authorities, which influence the lives and well-being of hundreds of thousands of people, should also be subsidized to the point where they can carry on their operations without fear of bankruptcy, and fulfill their goal of providing decent, safe, and sanitary housing within the financial reach of low-income families.

The subsidy system should, and can be exceedingly simple: based on clear and specific guidelines from HUD dealing with income/rent ratio of tenants and management practices, the Federal Government should fully cover the difference between the Authority's actual operating expenses and the income it receives from rents.

Finally HUD recommends in its findings that the Authority be divided into two separate agencies, one for public housing, the other for urban renewal. HUD claims that this would result in increased economy and efficiency. This idea, when considered reasonably and knowledgeably, can only be termed absurd. By centralizing such necessary departments as personnel, purchasing, finance

and accounts, data processing, legal, tenant selection, research, and development, the Authority has saved the salary, equipment, and space costs of two separate departments in each of these categories for public housing and urban renewal. In addition, this unified practice has resulted in greater efficiency and economy in itself, partially through precluding duplication of effort.

The Authority, then, believes that the concept of centralized operations as the most efficient and economical approach to public housing and urban renewal is sound.

Finally, the Authority wishes to emphasize the absolute necessity of massive federal subsidies, to enable us to serve and service our tenant population, many of whom are the poorest of the poor. If this is not our mission, what is? If it is not, let this Authority's duties and obligations be redefined by Congress, not by a bureaucratic department of the Executive branch of government.

STATUS OF URBAN RENEWAL

In the fall of 1968 the Newark Housing Authority required extensive new funding. A number of existing projects needed additional funds to complete them due to overruns in the initial estimates made years before and caused largely by inflation in land costs and constantly escalating interest rates. The vast, and absolutely essential, Meadowland project required a major amendment. Two projects, Essex Heights, second stage, and St. Michael's, were completely planned but never funded. Three areas in the Model City had been surveyed and were prepared for submission as urban renewal projects.

This was the situation when the Department of Housing and Urban Development (HUD) first suggested and then, in December 1968, insisted that we pool all these requests in one package to be known as a Neighborhood Development Program (NDP). We were assured that it would be approved and that we would start our next fiscal year April 1, 1969 with the necessary funds in hand. In the meantime, no individual requests for money on any specific project would be accepted and we should transfer money from project to project to bridge the money gap in the interim.

We filed the NDP in February 1969. It was returned for minor revision and refiled in acceptable form in March 1969. We were again assured of its immediate approval - certainly before April 1. April 1st came and went and we were next told it would be approved before the close of the federal fiscal year, or June 30, 1969. Again, June 30th passed with no response. On September 10, 1969 we were informed by the HUD Field Representative that our NDP was about to be rejected, with the order that it be resubmitted to cover not more than 20 acres and, as only \$50 million was available to cover all of Region II, NDP, new projects, amendments to old projects and Model Cities, Newark's share would be insignificant.

To appreciate the effect of this bombshell, it is necessary to understand that our program comprises over 2,000 acres and the 20 acres offered us was less than one per cent of the total. Our request was for \$47 million, based on the fact that this Authority actually expended \$42 million the preceding year.

As this was totally unacceptable, we met with the regional officials in Philadelphia on September 19, 1969 to no avail. Later in September a group of concerned city officials, businessmen, community leaders and NHA executives traveled to Washington to urge a review of the situation. HUD promised an answer in one month. On October 21, 1969 a group of businessmen, the Mayor and the NHA Executive Director, met with Secretary Romney here in Newark. He promised an answer in two weeks.

No responses--either positive or negative--came from anyone, although we made repeated efforts through all channels to get an answer.

Finally, on April 13, 1970, we were summoned to the Regional Office of HUD in Philadelphia and informed that the NDP concept was dead, (for Newark at least), and that we would have to receive future money via the antiquated procedure of amending projects one at a time. These funds were to amount to approximately \$22 million to be spread over three fiscal years and cover 9 projects. Any action on the most important project of all--NJ R-121--was deferred pending the findings of two new federally appointed appraisers.

At this point we had no choice but to accept this proposal which, if honored by the government, although disappointing, would not have been disastrous. It was put in writing by the government

on April 24, 1970 and the NDP was returned to us on August 3, 1970, eighteen months after it was submitted.

Since then there has been a change in the administration of the City of Newark. HUD has again been reorganized and area offices created, with the usual problems of re-staffing, with new personnel completely ignorant of Newark, or the files on Newark's projects or past understandings or commitments.

Whatever the reasons may be, none of these amendments is as yet completely approved, nor is the review of NJ R-121 yet completed. Nor have we received any of the money committed to us.

We have now nine Parts I or Parts II laying in the HUD office--all of which we have been assured will be approved. But when?

The results of over two years' drought of urban renewal financing is literally incalculable. Commitments were made by us based on federal assurances, only to be broken when the federal promises were found to be empty ones. Blighted areas lay rotting, with their residents suffering in buildings not fit for human habitation. These delays are cruel and border on criminal negligence.

Newark's greatest need is for more jobs and more ratables. The only place they can be created is in the Meadowland Project (NJ R-121). Its development is literally a "must" for the future of the City. There is no disagreement from any source on this fact.

When this project went into execution we assigned all disposable land to the Newark Industrial Development Corporation (NIDC), which is composed of non-salaried members appointed by the Mayor and the business community. All applications from prospective developers are screened by this group and preference given to those firms who would produce the maximum employment of unskilled or semi-skilled workers and the largest new ratables.

At the time we filed the NDP (the end of 1968), we included substantial additional funds for this project. These were required because the cost of land stabilization had increased due to the national problem of inflation, and as we studied the project more intimately, we found more substandard property that should be acquired.

These funds are still not approved. A freeze has been imposed on all stabilization. Two federally selected appraisers are studying the entire project. Their report was due last October and is still incomplete.

In spite of these difficulties, six industrial plants have completed their construction and are operating. These buildings amount to 350 thousand square feet of new industrial space. Two others are under construction containing an additional 200 thousand square feet.

We have received acceptable bids for the piling and remaining stabilization for the Ideal Toy's first 40 acres. We are awaiting HUD's approval of those bids in order that we may award the contracts. Ultimately this plant will occupy 95 acres with 2 million square feet of floor space and bring about 8,000 employees to Newark.

In the meantime, the NIDC has made 30 additional assignments of land to industrial developers. There are firm commitments accompanied by good faith deposits of approximately \$250,000.

The interminable delays have already forced several of these firms to withdraw and request return of their deposits. If this project does not go forward promptly, the project will fail and all the time and effort put into it will be wasted. The harm to the City's economy will be incalculable.

Newark is a city which in 1969 was declared by the President as particularly requiring and deserving accelerated federal aid. Somewhere between the President's announcement and HUD's performance, the message got lost.

At the bottom of Page 3, it was mentioned that HUD, on April 24, 1970, promised to fund certain projects in Fiscal Year 1970, 1971 and 1972 if we filed the necessary amendatory applications. We attach a copy of that letter, together with a tabulation of the dates we have submitted the Amendatories due in the first two fiscal years.

You will note that none has been as yet approved.

If we receive the funds represented by these Amendatories we stand an excellent chance of closing out four or five projects and a reasonable chance of closing out another two within the next twelve months. This would have obvious advantages to both your Department and this Agency.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CURTIS BUILDING, 6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

REGION II

APR 2 1970

IN REPLY REFER TO
2NF

Mr. Joseph Sivoilella
Executive Director, Housing
Authority of the City of Newark
57 Sussex Avenue
Newark, New Jersey

Dear Mr. Sivoilella:

Subject: Funding, Urban Renewal Program, Newark, New Jersey

This will confirm the discussions you had with Charles Heinz and Michael Lehr of my staff on April 13, 1970. The approximate funding levels listed below have been tentatively established:

<u>Project</u>	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>
N.J. R-6	11,000,000		
N.J. R-38	840,000		
N.J. R-45	150,000		
N.J. R-49		1,200,000	
N.J. R-52	525,000		
N.J. R-58			1,000,000
N.J. R-62		1,200,000	
N.J. R-72	1,660,000		
N.J. R-121		6,000,000	
N.J. R-141			5,000,000
N.J. R-156	<u>(-9,500,000)</u>		
Totals	<u>4,675,000</u>	<u>8,400,000</u>	<u>6,000,000</u>

The following understandings are embodied in the proposed funding levels:

1. The reservation for N.J. R-156, still in planning, will be recaptured except for the grant funds pertaining to the planning advance and Letter of Consent. You should prepare a Part II for the Letter of Consent area and close out the project promptly. No commitment is made by HUD for the eventual execution of this project.
2. The 3/4 grant conversions to which the City is legally entitled are not included in the above funding proposals, but will be handled separately prior to project completion.

3. National policy requires that administrative costs be kept down to a level not exceeding 7% of total additional Item I expenditures. In order for you to remain within this mark, administrative practices will have to be streamlined. The Regional Office will, upon the conclusion of its review of your Annual Administrative Budget, work with you on the solution of certain administrative and organizational problems.
4. The Regional Office will develop with you revised schedules for the completion of all projects, with the following projects to be completed by the end of FY 1971--R-45, R-49, R-52, R-62, and R-196.

H.J. R-121

1. No additional stabilization of land is to be undertaken without specific HUD authorization in each instance.
2. The Regional Office will meet with you and representatives of Ideal Toy Co. to determine the future course of the redevelopment of Parcels 107-1A, 107-1B, 103-1, 103-2 by Ideal Toy Co.
3. Pending the outcome of the discussions mentioned above, a letter outlining in detail the future of the project will be drafted and forwarded to you.

If you have any questions, please feel free to contact me or Michael Lehr of my staff.

Sincerely,



Harry I. Sharrott
Assistant Regional Administrator
for Renewal Assistance

Copy: Mr. Walker
Mr. Kaut
Mr. Lader
Mr. Gleason
Mr. Kelly

ACTIVE URBAN RENEWAL PROJECTS

<u>Project</u>	<u>Approved Federal Grant</u>	<u>Pending</u>
NJ R-6	\$21,447,814	\$13,663,629
R-32	15,487,328	---
R-38	3,953,189	1,276,511
R-45	10,099,666	187,011
R-49	4,309,374	1,209,089
R-50	2,724,705	---
R-52	7,878,017	321,375
R-58	10,518,462	---
R-62	7,248,135	4,194,988
R-72	12,695,956	3,431,000
R-121	27,025,742	---
R-123	6,465,387	---
R-156	---	1,584,164
R-196	17,321,214	---
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	\$147,174,989	\$25,867,767
		<hr/>
	GRAND TOTAL	\$173,042,756

Notes

1. HUD letter of April 24, 1970 also promised approval of Loan & Grant Contract for NJ R-141 in the amount of \$5 million and an Amendatory for NJ R-58 in the amount of approximately \$1 million at the beginning of Fiscal Year 1973.
2. HUD also promised approval of Amendatory for NJ R-121 after completion of reappraisal of this project and the approval of approximately \$6 million to cover the cost of piling and soil stabilization for the Ideal Toy tract.
3. If New Jersey State Department of Transportation reneges on its promise to buy Right-of-Way for Route 75, another Amendatory on NJ R-6 will be necessary.

TABLEPART IPART IIFiled ApprovedFiled Approved

N.J. R-6 - Old Third Ward

5-28-70

N.J. R-49 - Hill Street

9-9-70

N.J. R-156 - St Michael's

11-13-70

N.J. R-62 - Essex Heights

1-21-71

N.J. R-45 - Newark College
Expansion

5-20-70

7-16-70

12-24-70

N.J. R-52 - South Broad

5-21-70

7-7-70

12-24-70

N.J. R-72 - Fairmount

5-21-70

7-14-70

12-24-70

N.J. R-38 - Lower Clinton Hill

5-21-70

7-17-70

1-4-71

Neighborhood Facilities (N.J. R-32) 12-31-70

URBAN RENEWAL

The following comments are in response to the HUD findings and recommendations.

IA, Finding - Staff

Reply: The dollar increase for Urban Renewal staff has come about primarily because of HUD recommendations that Relocation and Community Relations personnel be added to service the Relocation families involved in the extensive Urban Renewal Program. A total of 146 employees were added because of these recommendations to these two departments and this involved 1/2 of the total dollar increase or \$1,287,186. The balance of the increase came about because of increments and cost-of-living increases over the past 2 years. It should be noted that Urban Renewal actual increases went from \$2,140,197. to \$4,172,083. and not to \$5,960,300, as indicated in the HUD report. Because of the failure by HUD to approve and fund amendatories, it will be necessary to review staffing with the HUD Area Office.

AI, Finding - Development & Maintenance Services

Reply: The Newark Housing Authority is prepared to discuss with the Area Office the possible organizational realignment covering public housing and these departments will be considered in the reorganizational program.

AJ, Finding - Relocation

Reply: Any discussion with the Area Office will involve the

Relocation staff which should take into consideration the total Relocation workload. We concur with the finding that contract services should be reduced and Newark Housing Authority maintenance employees be utilized to a greater extent. The project sites having 2 managers has been corrected, although it must be noted that this was a transition period when because of Civil Service examinations, 4 temporary incumbent managers were training new permanent managers. These former 4 have since been reverted to older, lesser titles.

A3. Finding - Social Services

Reply: we concur with the finding that the Social Services section use additional supervisor job classifications; this shall be corrected immediately after discussions are held with Civil Service. The staff has been provided with systematic inservice skills training and this program shall continue to be expanded; the Newark Housing Authority welcomes any assistance HUD may have to offer in providing training funds. Those employees of the Social Services Department who are servicing public housing tenants are servicing tenants who have been removed from Relocation sites.

A4. Finding - Rehabilitation

Reply: Where it can be shown by HUD that staff is not sympathetic to the rehabilitation concept, we would welcome details of this need and assistance which can help the program in Newark. We concur with the finding that a legal consultant should be hired and we will submit a contract for HUD approval. In addition, the city will be contacted in order to supply housing inspectors or training programs. HUD will be expanded to make use of the city's inspection program.

1B. Finding - Administrative Performance

Reply: We do not agree that there is a lack of overall direction of the urban renewal program. Amendments have already received City approval and have been waiting for HUD approval since early 1970. Execution activities are scheduled as logically as possible and if HUD has any recommendations in this area, we would welcome them wholeheartedly. Without question the rejection of the NDP application delayed the urban renewal program for at least 2 years; modern management approaches are definitely required and any suggestions by HUD will be gladly accepted.

The Newark Housing Authority will discuss with the Area Office a plan to re-organize both the urban renewal and housing sections of the authority mentioned in the Housing Report. It is the AHA's desire to eliminate waste and confusion by utilizing the concepts of economy and efficiency and to this end discussion will be held with area office representatives. The procedures for acquiring have been adjusted so that we now operate under a system of priorities. We agree that redevelopers should begin construction and efforts will be aimed to this end but it must be remembered only minimal amounts of land are uncommitted.

We concur with the finding on the performance of rehabilitation in Clinton Hill project area and present efforts are being directed to revitalize this program.

Contracts have been executed for relocation work, however one contract for the New Jersey State Highway Department is not for complete relocation service and any assistance by HUD in ruling it so will be welcomed. Further, the Authority will be happy to comply with a revision in the rehousing referral procedures and with the advice and consent of HUD relocation officials, the entire rental policy and procedure has been amended and implemented. The same is true of the leasing of vacant land which has been implemented already.

IC. Finding - Community Standing

Reply: Ineptness seems rather inappropriate when one considers all that has been accomplished and certainly delays are part of the urban renewal program even to the 1 1/2 years it takes HUD to make complete reviews and give approval for the project sites. We are unaware of any poor relations with the City and would welcome HUD comments in this area. We are happy to note that HUD is aware of our work with community groups on redevelopment of vacant land and any concrete proposals that would lead to further progress would be appreciated.

IIA. Finding - Urban renewal costs

Reply: We concur with the recommendation that no costs of public housing should be borne by urban renewal. Discussions on any reorganization plans will consider the proper re-alignment of those functions pertinent to each program.

II.E. Finding - Improvement in Urban Renewal Structure

Reply: We shall be glad to meet with HUD area officials to discuss the reorganizational concepts which will consider placing proper functions within the framework of the existing NHA structure taking into consideration economy and efficiency of operation. The utilization of a technical services branch, land disposition section, engineering section and use of project coordinators, all will be considered within this framework.

If HUD has specific suggestions on the use of such modern management tools as PERT, we should be glad to adapt them into our operation.

II.F. Finding - Personnel

Reply: We concur with the recommendation that a basic time reporting schedule should be instituted. An operations and procedures section will operate out of this Personnel Department for the purpose of conducting time and motion surveys and operational checks throughout the Authority which will enable us to distribute costs between urban renewal and housing accurately.

All consultants are approved in each submission of the Annual Administrative Budget and this procedure will continue for each new submission.

Programs have been developed and implemented for the training of Social Service and Rehabilitation Staffs. The NHA would welcome any HUD assistance in securing funds for expanding these programs rather than using the present hit and miss concept of attempting to utilize other state and county agencies to conduct or assist in

training aspects. We agree that the social services staff should create new procedures to refer displaceds to city-wide social agencies and these concepts should be implemented. We welcome HUD assistance in strengthening our community organization staff. Further, the Authority will continue to support such groups as the PAC group in R 32 and as HUD approves new projects, we will utilize this same kind of programs.

REORGANIZATION AND STAFFING

The following comments are in response to the HUD recommendations and requirements as submitted in the report of January 28, 1971.

Finding

1. Reorganization of Housing Operations

Reply

we agree that it may be necessary to reorganize the maintenance and management tasks; however this reorganization shall be discussed further with the area office in order to minimize any operational upheaval. We are prepared to begin discussion immediately so that the major thrust of any pattern of reorganization will have an impact upon our 1971-72 budget year.

Finding

a. Strengthen role of Manager

Reply

Any proposed reorganization will be directed towards strengthening role of housing manager.

Finding

b. Reassignment of Central Painting Crew

Reply

If it can be demonstrated that this method will result in greater economy and efficiency in operations; services to tenants; and dollar savings, we concur.

Finding

c. Central Maintenance Skilled Staff Reassignment to Projects

Reply

We agree that the basic concept of assigning skilled workers to specific projects has merit and should be considered in any proposed organization. Further, we strongly suggest instituting a pilot program which would utilize outside contractors located near a designated project. Your concurrence and participation in the program review is welcomed.

Finding

d. Reassignment of Community Personnel

Reply

We agree that the reassignment of Community Service Personnel to the supervision of the managers of the projects would provide better services to the tenants. However, further discussion will be necessary with the area office before implementation in order that this concept may be included within the total plan of reorganization.

Finding

e. Tenant Selection

Reply

The two vacant positions have been abolished.

Finding

f. Development Division

Reply

From the paucity of details furnished it can not readily be determined what functions will be expected of the Development Division or how its operation will be improved by moving it to a Department of Housing as suggested. We

therefore, reserve comment on this aspect of reorganization until the overall concept has been developed.

Finding

g. Abolition of Specific Positions

Reply

We agree that it is necessary to effect a dollar savings by eliminating certain positions. However we do not concur with the "hatchet" approach indicated to effect a predetermined dollar savings by eliminating the positions you have indicated. Apparently only casual consideration was given to the Authority's operations in selecting these positions since no overall plan of reorganization was proffered by HUD. Consideration must be given to the Civil Service statutes which requirement preclude the abolishment of positions without due process, including the necessary "bumping rights" held by those individuals encumbering these positions. As of this date, the Authority has effected a savings of over \$62,000 by eliminating the position of Assistant to the Executive Director and by attrition of six (6) maintenance personnel who have been terminated and have not been replaced. Further, additional savings have been effected with the implementation of the helper-apprentice programs and two (2) shift, seven (7) day coverage which has eliminated overtime costs in the Central Maintenance Department. In addition, the Authority has already begun to terminate retirement age employees, this will be continued

throughout the current budget year.

Finding

2. Executive Leadership

Reply

We do not concur in this finding.

Finding

3. Retirement Age Workers

Reply

The program that was recommended has been implemented.

Finding

4. Salaries and Wages

Reply

The Authority is presently and has been subject to the New Jersey Civil Service statutes. Job duties and descriptions must be approved by Civil Service. It is difficult therefore to accept the conclusions reached that this is apparently the cause of high salaries and wages. All Authority salaries are audited by the Civil Service Commission. Further the Civil Service Commission has approved recently a departmentalization plan for the Authority which would necessitate a general reclassification of all job duties.

Finding

5. a. b. c. Special Budget Provisions

Reply

The supplemental budget requirements that you impose are acceptable providing no conflict exists with the budgetary provisions of the Annual Contributions Contract, and the right of the Authority to select its own professional and technical consultants under the contract.

Finding

6. Purchasing Department

Reply

Procurement is not spread among several departments as indicated. Purchasing of all materials and equipment is centralized.

Finding

7. Requisitions and Purchase Orders

Reply

The procedure of accumulating requisitions, considering that some 6,000 separate and individual items are involved and purchased on a regularly scheduled basis is practiced to the extent possible. If you are aware of specific areas where improvement is warranted, your advice is welcomed.

Finding

8. Central Warehouse

Reply

It must be noted that the Central Warehouse employees are involved in several functions. These include warehousing responsibilities, maintenance and security of Authority parking areas and repair and maintenance of Authority delivery vehicles. We agree that employees performing tasks other than warehousing duties should be transferred to the appropriate departments. However, we do not concur with the finding that the Central Warehouse should be closed. The inventory

noted in the HUD comments has remained relatively stable over the past 10 years because of the shortage of storage space. However, it should be noted further that the rate of turnover of the entire inventory is approximately 2 1/2 times per year and to ^{or}centralize this operation would result in a loss of economy and efficiency.

Finding

9. Excessive Inventories

Reply

It has always been the policy and practice of this Authority to survey and redistribute excessive materials after review of the annual inventory.

Finding

10. Passenger Vehicles

Reply

We agree that all Authority vehicles should be clearly identified. We will give "hard study" to possible reduction in the fleet.

Finding

11. Ranges and Refrigerators

Reply

We concur that old or obsolete ranges and refrigerators should be replaced with Modernization funds. To accomplish this and one or more other recommendations in this report, we are sending you separately, as soon as our survey has been completed, a Modernization budget which will comply with this recommendation.

Finding

12. Fuel Consumption

Reply

We do not agree that excessive fuel consumption results primarily from broken windows. Radiators do not exist in those areas where there are an excessive number of broken windows. Boiler systems are operated at pressures and conditions as specified by the manufacturers. Maintenance personnel clean boilers on a weekly rotation basis and contractors are utilized for other normal maintenance problems. Replacement of old and inefficient equipment is dependent upon the approval of our requests for funds (non-routine) expenditures) which have been submitted over the years. Tenants and employees are always instructed in their respective roles in maintenance efficiency and reduction of heating losses. We would welcome the implementation of a Pilot Program at one of our projects utilizing an outside contractor who would service and maintain boiler systems as an inherent part of his basic contract for furnishing fuel oil. This might result in greater efficiency of operations and better service.

Finding

13. Elevators

Reply

We concur in the finding that elevators are difficult to maintain and easy to vandalize. Funds were requested in the Modernization Program, Phase I to modernize elevators, to eliminate those elevators easily vandalized and to alleviate problems in maintenance operation.

We were unaware of any dangerous design factors and we wonder why such factors, if in fact they exist were approved in the original development program. In any event should any damage occur due to vandalism or should any defective design factors be revealed which would be hazardous, we would promptly exercise our option under the emergency provisions of the contract and make immediate repairs. As we have heretofore, we will solicit manufacturers assistance in improving elevator operations.

Finding

14. Tenant Employment and Training

Reply

The Authority has always employed residents in the operation of its projects. However, with the lack of adequate funds, this program has not been utilized to its fullest extent possible. We would welcome HUD assistance in securing Modernization funds to expand tenant training programs.

Finding

15. Security

Reply

The Authority is willing to expand the Scudder Homes Pilot Project when its usefulness as a tool of management, its potential and tenant acceptability have been reviewed and evaluated. It will go into effect on March 15, 1971. This is the type of facility that will provide the necessary security to project level. Overtures are

presently being made with the Newark Police Department to strengthen the security not provided under the Annual Contributions Contract, i. e., supplemental protection. Police/Community Relations will be represented as a residual ancillary as a result of our liaison with the Police Department. We welcome your suggestions on how to control the access to high rise buildings in the most economical way feasible.

Finding

16. Tenant Organizations

Reply

There is considerable substance to the objection that the existing tenant organizations are not truly representative of the total tenant body. We agree that a neutral outside agency such as the American Arbitration Association, or possibly the National Tenant Organization, which we understand has had considerable dialogue with HUD, should conduct an election for a tenant organization which would be representative of project residents. You will undoubtedly agree, however, that this will have to be funded from sources other than rental income.

Finding

17. Communication-Distrust between Tenants and Housing Authority Staff

Reply

Stipulating this to be so, we feel that this condition will eventually be resolved through reorganization (increased responsibilities at the managerial level) and through the election of a viable tenant

organization. Similarly, by placing greater emphasis on administration at the project level, this apparent deficiency will be corrected.

Finding

18. Modernization Performance

Reply

We shall gladly review with your representative the architects contracts presently written and cancel wherever possible those items which do "not need architectural treatment".

Finding

19. Budget Preparation and Execution

Reply

We are unaware that project budgets do not emanate from the Housing Manager; our present policy provides for the execution of project budgets at the individual housing projects. Where this does not occur, a recommendation for effective change will be accepted. Further, the Newark Housing Authority presently submits semi-annual operating statements and we have no objection to submit quarterly or even monthly reports, inasmuch as we prepare them for our own operation.

Finding

20. Rent Collection

Reply

A litigation counsel has been appointed to settle the rent strike

at the earliest possible opportunity. The matter is now in the hands of the courts.

Finding

21. Delinquent Rents of Welfare Families

Reply

The Authority has made efforts in the past to have the Welfare Department pay Welfare rents directly to the project. These efforts have been unsuccessful thus far; albeit, they have been continuous. Whereas this program has been adopted in other states, we have been unable to implement it in New Jersey. It may be noteworthy that efforts, in addition to those of the Newark Housing Authority, are being made by the New Jersey Association of Housing Authorities to institute changes in the state statutes to provide for direct payment. Since Federal funds are involved, perhaps HUD could assist in recommending necessary changes in State law to obtain this objective.

Finding

22. Security Deposits

Reply

We have considered for some time and now will approach the requirement of abolishing the security deposit providing it does not conflict with the new model lease policy, which we understand, will be promulgated shortly by HUD.

Finding

23. Leased Housing Program

Reply

We agree that the Leased Housing Program should be within the management functions. This will be taken into consideration in our plan of reorganization.

Finding

24. Pro-Rations

Reply

We agree with the concept regarding the adoption of a more realistic basis for salary pro-rata distribution between the respective programs. In this respect, we will conduct time studies of those departments whose functions involve direct costs to all programs in order adequately to assure proper pro-ration.

Finding

25. Processing of Time Sheets

Reply

While this was not established primarily in our planned objectives for the Data Processing Department for 1971, we shall nevertheless implement the procedure consistent with your recommendations.

Finding

26. Equal Opportunity

Reply a.

We not only concur with the HUD recommendations but already have implemented programs of recruitment and training for employees to such an extent that minority groups have become well represented in the job categories of directors, managers, technicians, etc.

We will endeavor to continue to expand these programs for all groups employed by the Housing Authority

Reply b.

The Authority will endeavor to provide more complete information on the various items described. However, Title VI specifically forbids the use of employee applications designating race inasmuch as the connotation of discrimination may be evident; however, if HUD requests this, we shall be glad to comply.

Reply c.

The Authority has in the past and will continue in the future to post equal Opportunity information as required by law in all conspicuous locations on Authority properties.

Finding

27. Staggered re-examinations

Reply

Although the Authority has begun implementation of a bi-ennial re-examination schedule for elderly families, we agree that a staggered re-examination schedule for all families should be implemented. We concur also and will make arrangements to simplify the re-examination procedure especially for elderly tenants.

Finding

28. New Project Finding

Reply

As a direct result of the social and economic changes within the city, more active involvement of the PAC group, in addition to this HUD recommendation, we concur that the existing plans for NJ 2-20 be thoroughly re-examined.

Finding

29. Implementation of Requirements

Reply

The report in detail was submitted to the area office as requested on February 22, 1971. We await further discussion with you on points in which we are not in complete agreement; most certainly the parameters for an acceptable solution can be developed by our joint staffs.

The Authority has made an analysis of the current financial position of its management program, using actual figures through February 28, 1971 and estimated costs for the month of March 1971. This analysis shows that the Public Housing program for the fiscal year 4/1/70 through 3/31/71 indicates a deficit operation of \$445,830. The total deficit, including the previous year's carryover, is \$1,452,750. Attached hereto is a detailed analysis of the above.

Also attached hereto is a list of Accounts Receivable due to the Authority and also a list of Accounts Payable due by the Authority, in order to explain the difficult cash position which exists in the Authority's public housing program.

The Authority is taking action to reduce costs as much as possible without reducing necessary services to the Tenants. However, without additional subsidies as specified in the Housing Act of 1970, this Authority and many other Housing Authorities throughout the country cannot continue to operate.

Housing Authority of the City of Newark
Analysis Budget Revision for
Fiscal Year April 1, 1970 through March 31, 1971

Income:

Dwelling Rental.....	\$ 10,733,070.	
Sparkman Fund.....	1,000,130.	
Non-Dwelling Rental.....	47,100.	
Special Subsidy Families.....	1,113,060.	
Interest on G.F. Investments.....	4,510.	
Brooke Subs.....	806,000.	
Other Income.....	<u>28,740.</u>	
		\$ 13,732,610.

Total Operating Expenses:

1970-71.....	<u>14,178,440.</u>
Net Deficit 1970-71 Operations.....	445,830.

Other Charges Against Operations:

Deficit 3/31/70.....	759,738.	
Prior Years Adjustment aff. Res. Rec.	<u>247,182.</u>	
Total Other Charges.....		<u>1,006,920.</u>
Total Deficit as of 3/31/71 (Estimated).....	\$	<u><u>1,452,750.</u></u>

Deficit Before Special Subsidies

Total Income.....	\$ 13,732,610.
Less:	
Sparkman Fund.....	<u>1,000,130.</u>
Balance.....	12,732,480.
Special Subsidy Families.....	1,113,060.
Brooke Subsidy.....	<u>806,000.</u>
Net Income without Special Subsidies.....	\$ <u><u>10,813,420.</u></u>
Total Operating Expenses 1970-71.....	<u>14,178,440.</u>
Deficit 1970-71 Operations before Spec. Subsidies....	\$ 3,365,020.

Other Costs:

Deficit 3/31/70.....	759,738.	
Prior Years Adj.....	<u>247,182.</u>	<u>1,006,920.</u>
Total Deficit before Subsidies.....		4,371,940.
Subsidies.....		<u>2,919,190.</u>
Total Deficit Estimated 3/31/71.....	\$	<u><u>1,452,750.</u></u>

Housing Authority of the City of Newark

Accounts Payable as of March 11, 1971

<u>Vendors</u>	<u>Amounts Still Outstanding</u>
Sun Oil Co.....	1,400.
Moneywell.....	16,526.
I.B.M. Rental 360/20.....	9,000.
United Exterminating 3 months.....	12,400.
Best Exterminating 1 month.....	1,000.
Accurate Pest Control 1 month.....	700.
Mumble Oil Co.....	650.
Public Service (Gas & Elec.) 3 months,....	315,300.
Serge Elevator.....	12,000.
Wells Oil 2 months.....	550,000.
Brinks 1 month.....	2,300.
Telephone & Telegraph 3 2/3 months.....	14,900.
Consolidated Laundry 2 months.....	2,600.
Hartford Ins. Co. 2 qtrs. 7/1-12/31/70 Workman's Comp.....	172,162.
Connecticut Gen. Hospitalization (March)..<	80,000.
Social Security Tax (1/1-3/31/71).....	144,000.
Serge Elevator.....	<u>30,000.</u>
	1,364,938.

City of Newark:

Water 8 months.....\$	257,200.	
Pilot due as of 3/31/70....	698,328.	
Police Protection 9 months..	<u>149,700.</u>	<u>1,105,228.</u>
Total Payables.....		<u><u>2,470,166.</u></u>

Housing Authority of the City of Newark
Analysis of 1970-71 Budget & Estimated Actual

	Approved Budget 1970-71	Budget Revision 1970-71	Over	Under
Income.....\$	13,739,270.	13,732,610.		6,660.
Administration....	1,984,990.	1,981,060.		3,930.
Utilities.....	2,529,310.	3,658,020.	1,128,710.	
Ordinary Maint. & Operations.....	4,881,530.	5,172,130.	290,600.	
General Expense...	2,726,640.	2,481,990.		244,650.
Total Routine Exp.	12,122,470.	13,293,200.	1,170,730.	
Total Non-Routine Expenses..... *	1,500,598.	** 1,892,160.	391,562.	
Total Operating Expenditures....\$	13,623,068.	15,185,360.	1,562,292.	

Net Deficit or
Res. Receipts...\$ 116,202. (1,452,750.)

* Includes Deficit
3/31/70 of \$ 759,738.

** Includes Deficit
3/31/70 759,738.

Prior Years Adj. aff. Res. Receipts 247,182.

Total..... ** 1,006,920.

Overrun Utilities	Approved Budget	Budget Revision	Overrun
Water.....	345,130.	374,460.	29,330.
Electricity.....	722,800.	776,510.	53,710.
Gas.....	171,950.	170,860.	3,810.
Fuel.....	649,920.	1,615,000.	965,980.
Labor.....	612,450.	693,330.	70,880.
Other Utilities Expense.	29,360.	28,860.	-0-
	\$ 2,529,310.	3,658,020.	1,128,710.

Ordinary Maint. & Operations	Approved Budget	Budget Revision	Overrun
Labor.....	3,790,730.	4,030,600.	239,870.
Materials.....	360,000.	410,730.	50,730.
Contract Costs.....	730,800.	730,800.	-0-
Total.....	\$ 4,881,530.	5,172,130.	\$ 290,600.

Analysis of 1970-71 Budget & Estimated Actual (cont.)

Labor overrun due to overtime - Budgeted \$200,000. actual estimated at \$460,000. without overtime we would have underrun our labor cost account. (Did not put on all employees budgeted for.)

Materials over estimated budget due to excess vandalism and increased prices for materials used.

Receivables Due
Housing Authority of the City of Newark
As of 2/28/71

Sparkman Fund.....	\$.	400,130.00
Tenants Accounts Receivable (2/23/71).....		1,044,856.65
Legal suit against City of Newark - Flood damages - NJ 2-13 - 10/19/66.....		60,553.85
<u>Fire Damages NJ 2-13 - 3/2/67</u>		
Continental Insurance Co., I.N.A. Insurance Company and Boston Fire Insurance Company.....		296,750.38
Total Receivables Due 2/28/71.....		<u>\$1,802,290.88</u>

Intra-Program & Project Receivables
As of March 10, 1971

Due to Management From:

NJ 2-20.....	\$	3,861.47
* A.F.U.R.-Urban Renewal Cons. Adm. Fund.....		232,201.63
Re/Dev. Projects.....		15,509.50
Newark Bd. of Education a/c.....		96.30
Total.....	\$	251,668.90

Less: Payables due from Management
to Various Programs.

NJ 2-21.....		4,672.57
RE/Dev. Projects.....		3,344.04
Total/intra Payables Due.....		<u>8,016.61</u>
Net Intra Receivables Due Management.....	\$	<u>243,652.29</u>
Total Receivables Due Management.....	\$	<u>2,045,943.17</u>

* Does not include payroll for the period ended March 8, 1971.
 (Urban Renewal Payroll) of approximately \$180,000.

DETAILED RESPONSES BY THE NEWARK HOUSING AUTHORITY
TO THE FINDINGS AND REPRESENTATIONS CONTAINED IN THE
REPORT ISSUED BY THE DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT ON JANUARY 28, 1971

ORGANIZATION AND STAFFING

Page 1, Paragraph 1

HUD Finding

Any view of the financial problem of your Housing Authority must note that 54% of your total expenditures is for salaries, wages and fringe benefits.

NHA Response

A complete review of salary and fringe benefit costs of our Public Housing Program does not indicate a 54% ratio of salaries and fringe benefits to total expenditures. The statement in itself is meaningless since it combines all salaries, both of administrative and labor services. Actual salary and fringe benefit costs from April 1, 1970 through December 31, 1970 plus estimated costs for this period indicate that administrative salaries, which include non-technical, technical and legal plus fringe benefits account for 13.5% of operating expenses. This percentage is comparable to or better than the average for private enterprise or any Federal agency. The overall total of all salaries and fringe benefits for the same period is 49.93% and not 54%. The United States Department of Labor statistical data for the year 1960 indicated a 50/50 ratio of labor costs as against material costs. This ratio has increased within the past ten years. Salary costs for utility labor and ordinary maintenance labor for the Authority is low in accordance with the National Standards noted by the United States Department of Labor. An overall figure of 49.93% of total expenditures for both administrative salaries and fringe benefits, together with utility labor and other labor, plus fringe benefits, certainly cannot be considered as excessive, but is rather below the national average. Please see Exhibit "A" attached hereto.

Page 1, Paragraph 2

HUD Finding

Further, it should be noted that the amounts expended for salaries, wages and fringe benefits have, in recent years,

EXHIBIT A

Actual Costs of Salaries & Employee Benefits from 4/1/70 through 12/31/70 plus Estimated Costs of Salaries and Employee Benefit Contributions to 3/31/71

	Amount	PUM	%
4110 Non-Technical Salaries..	\$ 1,492,560.	9.78	9.83
4120 Technical Salaries.....	224,720.	1.47	1.48
4130 Legal Salaries.....	29,680.	.20	.20
4350 Utility Labor.....	683,330.	4.48	4.50
4410 Ordinary Maint. Labor...	<u>4,030,600.</u>	<u>26.40</u>	<u>26.54</u>
Total Salaries Estimated to 3/31/71.....	6,460,890.	42.33	42.55
4540 Employee Benefit.....	<u>1,121,410.</u>	<u>7.35</u>	<u>7.38</u>
Total Salaries & Benefits.....	\$ 7,582,300.	49.68	49.93
<hr/>			
Total Operating Costs...	\$15,185,360.		

Total Operating Expenditures F/Y 1970-71..... \$ 15,185,360.
This figure does not include
Modernization Costs for the
Fiscal Year 1970-71.

Computation of Adm. Salaries and Employee Benefits

Non-Technical.....	\$ 1,492,560.
Technical.....	224,720.
Legal.....	<u>29,680.</u>
Total Adm. Salaries....	1,746,960.
Employee Benefits Adm..	<u>302,781.</u>
Total Adm. & Emp. Benef.	<u>2,049,741.</u> = 13.50%
Total Oper. Costs.....	\$15,185,360.
(Exclusive of Modernization Costs)	

Percentage Adm. Salaries & Employee Benefits over
Operating Costs - 13.5%

increased at a rate faster than other expenditures, with the exception of fuel oil.

NHA Response

The comparison made in the above statement did not take into account the fact that many of the extraordinary maintenance costs and routine maintenance costs for the past few budget years were eliminated from our budget requests and actual costs and included in our modernization budget. This fact in itself would definitely make it appear that salaries and wages in recent years have increased at a rate faster than other expenditures, with the exception of fuel oil, since the Review Team did not take into account the inclusion of routine costs in the modernization budget mentioned above. Notwithstanding this omission by the HUD Review Team, the rising cost of wages due to Union negotiations, Federal, State and local cost of living increases over the past few years, increased costs for Hospitalization, Pension Benefits, etc., throughout the country, has caused a much higher rate of increase for wages and employee benefits than other costs. This fact is true in all phases of private business and Federal, State and Municipal Government.

Page 1, Paragraph 3

HUD Finding

Thus, it is obvious that efforts at economies and efficiencies must focus on Staff costs to have any significant impact on the Authority's financial problem.

NHA Response

This fact is quite obvious to the Local Authority and steps have been taken and are still being taken to try to reduce these costs. However, with increased demands by tenants (many of them quite justified), the high rate of vandalism, the emphasis on increased community services by HUD, tenants' groups and the Local Authority, it becomes increasingly more difficult and almost impossible to effect any substantial savings in this area without the curtailment of many of the needed services mentioned.

Page 1, Paragraph 4

HUD Finding

We find your organization top-heavy with its three ranks of executive supervision standing between project managers and the Executive Director. Such layering of supervision is not only

wasteful; it isolates the Executive Director and his managers from each other to the disadvantage of each.

NHA Response

When the Newark Housing Authority completed its reorganization in December, 1969, with the approval of both HUD offices, it was indicated at that time that it was to be implemented, thus effecting greater efficiencies and economies of operation. This reorganization was to be effectuated without an increase in personnel and with only slightly increased costs. It was pointed out to both HUD offices that with the upgrading of three Directors to Assistant Executive Directors each in charge of several departments and with the upgrading of others to Director level (eleven in total), the only additional cost would be under \$10,000 with \$5,000 apportioned to Urban Renewal and \$5,000 to Housing.

This program received HUD approval, with only minor modifications, and since approval in November, 1969, the budget bears out the Newark Housing Authority contention that no further personnel increases would be forthcoming. In the Housing program the Authority has decreased staff by nine employees in the current budget year. In addition, the present structure contains 43 employees in supervisory or managerial positions which accounts for the 13.5% (of total expenditures) administrative cost. There is one supervisor or manager to every 12.4 maintenance employees. Other phases of this report will show that the incidence of vandalism in the projects has increased many times over; however, the number of project personnel has remained virtually static over the past 10 to 12 years.

It should be noted that reserve funds have been depleted not solely because of the increase of labor and materials, but because of HUD inconsistencies. New projects were built with inadequate room/cost allocations, thereby resulting in money having to be drawn from management reserves for such items as painting of walls in new buildings and putting valves on radiators, which items were deleted from budgeted development costs.

Further, we remind HUD those cities having separate Urban Renewal and Housing agencies have greater deficits than the Authority's. For example, the New York City Housing Authority is \$27.8 million in deficit, Philadelphia \$4.5 million. Other cities such as Chicago, Detroit, St. Louis, Washington, D. C. are also in bad financial condition. The economies of a dual operation are borne out in the fact that the Newark Housing Authority deficit will be approximately \$1.1 million for this fiscal year with an agency operating the fourth largest program in the country

It is incomprehensible that HUD feels the Newark Housing

-4

Authority is top heavy in its personnel structure when we consider the management program. There are 12,720 units in operation, for which there are 36 project managers, or 1 manager for every 353 units. At the upper levels there are 3 Assistant Directors of Management which means 1 administrator for every 12 managers and every 4,240 units. The position of Director (which would be equivalent to the deputy mentioned in the HUD report) is responsible for all management activities and is needed to coordinate all activities of the entire program. The Assistant Executive Director in charge is responsible for this department as well as the Department of Tenant Selection. The responsibility is for coordinating the entire Housing division as well as responsibility to the Executive Director and for over-all Newark Housing Authority decision making with his fellow Assistant Executive Directors.

This organizational structure, approved by HUD, resembles the structure not only of HUD's regional and area offices but of other Authorities. The New York City Housing Authority, for example, shows a director and deputy director of management reporting to the executive director or general manager of the Authority. Beneath these two layers are the chief manager and then the individual project managers. Other agencies, such as those of Detroit, San Francisco, and Seattle, all show executive director, assistant executive director, management director and supervising managers and then project managers. Thus it would appear that every major authority, including HUD, would require reorganization in order to comply (although HUD has already undergone several major reorganizations in the past several years). In addition, the HUD survey team has totally ignored the ramification that the New Jersey Civil Service laws would have on this readjustment. First it should be noted that with the abolishment of any position, the employee in the position is not terminated, but would have demotional rights over any employee in lower categories. For example, an assistant director of management would "bump" or displace head managers, who in turn would displace managers, who in turn would be able to displace maintenance and clerical people. The end result would be removal of employees in the lowest end of the organizational structure with the least amount of seniority in title or with the Authority. Furthermore, any employee has the right to contest a demotion to the Civil Service Commission by the right of appeal. It is not uncommon for cases to take up to two years or more for resolution by the Commission.

Therefore, the inaccurate statement of the HUD survey team cannot replace carefully thought-out procedures which will result in the same kind of dollar savings without affecting the efficiency of the operation.

Page 1, Paragraph 5

HUD Finding

We find your central organization performing tasks that are best performed at the project level by project employees with project supervision.

NHA Response

We are unable to respond to this paragraph in a specific fashion since the criticism contained in it is general. In addition to responding to the criticism intelligently it is necessary to understand the intent behind it, which we find highly obscure. We would like to comment, however, that the Newark Housing Authority is a large, complex organization, involved primarily in tending to the needs of the people in Newark. Over the years, as its responsibilities increased and the funds for its operations decreased relatively, it has evolved an organizational structure which, we believe, is most efficient and economical in meeting its objectives.

Page 1, Paragraph 6

HUD Finding

We find employees performing tasks of dubious value, leading us to believe that the real, basic mission of the Housing Authority has become obscure.

NHA Response

It is difficult to respond to the very general criticism contained in the above paragraph. The very nature of Public Housing and Urban Renewal in 1971 is extremely complex and varied. These programs deal with a myriad of rules, people and objects, each demanding attention, each capable, if unattended, of producing human suffering. The Authority has made great efforts to utilize its employees to the maximum of their abilities, extending their functions, in some cases, beyond the confines of their specific jobs. To do otherwise, the Authority would be unable to meet its commitments to the housing programs it operates without substantially increasing its staff.

Page 1, Paragraph 7

HUD Finding

We find the housing function split into two major units, each

headed by an Assistant Executive Director, each with its own ranks of Directors and Assistant Directors - this when one Assistant Executive Director logically and effectively can and should be charged with the Housing responsibility.

NHA Response

The Authority cannot agree with this statement regarding the organizational structure. When the Philadelphia Regional Office approved the proposed reorganization in November, 1969, it was clearly pointed out that the new structure consisting of 4 Assistant Executive Directors would be able to bring the many functioning departments into a cohesive whole. This had been accomplished by establishing the departments of Development-Maintenance Services, Urban Renewal Services, Management Services, and Administrative Services with each Assistant Executive Director responsible for several departments. Further, it was HUD which recommended that a new Services area of Relocation-Social Services be established with a 5th Assistant Executive Director with which the Authority complied.

It was shown rather clearly, accepted by HUD representatives, that several of these Service Areas would serve as centralized activities areas. For example, the Administrative Services containing the departments of Personnel, Purchasing and Finance and Accounts would participate in the organization serving both Urban Renewal and Housing programs. This also was so in the Relocation-Social Services area where the Community Relations Department served both programs. So too, it was clearly shown that the Development-Maintenance Services would function in the same manner. There are many activities in which this Services Area serves both programs with the proration accurately charged. There is no diminution of service to the projects by placing the Maintenance Department in this division. Activities are coordinated not only between the various projects but also between Urban Renewal and Housing.

The Central Maintenance concept was developed on the basis of the work orders for each project. Although the employees in this department are given assignments based on these work orders, they are under the responsibility of each project manager. There is a very definite need for requiring a centralized maintenance service of skilled mechanics and a more definite need for a supervisory staff to conduct the operations of this department.

The pattern is no different than in other local agencies where maintenance superintendents are responsible for all maintenance activities. The Authority is definitely of the opinion that this structure will continue to operate in an efficient and economic manner without basic responsibilities being diluted.

Page 2, Requirement 1a

HUD Recommendation: Reorganization of Housing Operations

We request that you promptly replace the present departments of Development-Maintenance Services and Management Services with a new Department of Housing, headed by an Assistant Executive Director. This new department shall consist of nine project operating units and the minimum support and supervision required by the projects.

HUD Requirement

The focus on the project operating unit requires that the role of the manager be strengthened. The proposed Department of Housing strengthens the manager's role by combining smaller projects under single managers, by making managers directly responsible to the Assistant Executive Director, and by decentralizing certain functions to the manager.

NHA Response

The combining of smaller projects under single managers does not strengthen the manager's role but dilutes it. It was tried by this Authority as far back as 1947 when, for example, one (1) Housing Manager managed Pennington Court (236 units), Hyatt Court (402 units), Roosevelt Homes (275), for a total of 913 units. The task became most difficult for one (1) Manager, who pleaded for managerial assistance and an administrative assistant, whose title was later changed to Assistant Manager, was assigned to Roosevelt Homes and to float at the discretion of the Manager within the cluster of said three (3) projects. Even under this procedure, a given project was found not to have a Manager for one or two days at a time. Much tenant dissatisfaction resulted and serious consideration was given to each Project having its own Manager (the initial plan instituted by this Authority at its inception).

Another Manager, for example, in 1949 was placed in charge of Bradley Court (301 units) and Stephen Crane Village (354 units) for a total of 655 units. Here too, difficulties were experienced as related above because of the absence of a Manager at a given Project on certain days. The clustering of projects under a single manager continued until September 1957, when this Authority could no longer resist tenant and project personnel complaints.

To meet the criticism of the tenants and project personnel a Management reorganizational structure was instituted in this Authority in 1957. At this time an Area Manager Plan was instituted for the twelve (12) housing projects of this Authority consisting of 7,376 units. The Plan divided the projects into three (3) areas of the City and considering the number of units and geographical locations of the projects within a given area. SEE ORGANIZATIONAL CHART HERETO ATTACHED - EXHIBIT #1. Please note that each Area has

and maintenance, each within six (6) projects. SEE COPY OF DIRECTIVE HERETO ATTACHED - EXHIBIT #3.

The Assistant Director Plan with its methods of reporting and control has proved successful and continues in existence. This Authority now has 12,720 units. The Management Division has a Director of Management and three (3) Assistant Directors of Management. The above units are divided among the three (3) Assistant Directors of Management for field supervision, etc.

The occupancy patterns of our projects have worsened and for reasons beyond the control of the local Authority. There is a growing proportion of "problem families", those from broken homes, welfare recipients, personality and other socioeconomic difficulties, poor housekeeping habits, poor adjustment to project living and especially in the high-rise projects, vandalism; lack of security and police protection (a municipal function), etc. This requires strong liaison between the Central Management Headquarters with Management career personnel of long standing and proven experience to assist local project management with the multifarious and multitudinous problems attendant today with project occupancy. The Assistant Directors of Management, Director of Management, under the Assistant Executive Director for Management Services, with their special training and experience, satisfy this need.

Please note that the changes of duty assignment from Area Manager to Assistant Directors of Management was accomplished without an increase of personnel.

Attachments: EXHIBITS #1, #2, #3

Page 2, Requirement 1b

HUD Requirement

The central painting crew must be permanently reassigned to specific project managers on the basis of need. Managers and their maintenance superintendents will administer the painting program including with appropriate assistance from the Personnel Division.

MHA Response

'Teams' of painters are assigned to each MHA project, dependent upon the number units.

The manager and/or person in charge of maintenance, compiles a schedule of apartments requiring re-painting, in compliance with an Authority approved "paint cycle" (currently every three (3) years.) This is done in cooperation with the Supervisor, Foreman, or "lead painter", at a given project.

The painting of public spaces, exterior of windows, playgrounds, is done after consultation between the manager and painting supervisor.

The manager and/or maintenance superintendents schedule the re-painting of all 'turnover' apartments, and any emergency problems which may occur.

We refer you to Chart #1 concerning the current assignment of painter-teams.

Apprentices, in numerous instances, are recruited by the manager among his project youth. This is based upon the managers' knowledge of unemployed, under-employed, "drop-out" youth, and young adult tenants. This factor enables the individual manager to act as a counselor in many cases for those apprentices from his project.

Therefore, we claim that managers and maintenance superintendents do in fact supervise both painters and apprentices, and in many cases are directly responsible for tenant and/or neighborhood youth being in the apprentice program.

Attached please find the document outlining the Authority's procedure in the matter of the painting program in the public housing project. This procedure was engaged in February, 1959 and has been continuously enforced to this time.

Page 2. Requirement 1c

HUD Requirement

The central maintenance skills staff must not be continued as a central organization. Skilled workers presently assigned to that staff must be reassigned to specific project managers on the basis of need. As attrition occurs, the number of building tradesmen must be reduced. Work requiring a high skill must be obtained by contract - whenever possible with contractors located near the project concerned.

NHA Response

The Central Maintenance skilled staff, called a central organization by HUD, has always been assigned to specific project Managers on the basis of need. Chart-1 shows the assignment of all skilled workers, by project and/or general geographic area of the city.

All Central Maintenance Mechanics and Trade Foremen are required to report to the manager and person in charge of maintenance, whenever they are required to work on a given NHA project.

They sign a time sheet stating time of arrival and/or departure. The person in charge of maintenance is responsible for the assignment of work to be done by the mechanic. A Central Maintenance Work Order is made for the specific job.

Trades persons, i.e. Electrician, Carpenter, Steamfitter, Plumber or Painter, are assigned, generally, to the larger complex units, i.e., NJ 2-10, 2-12, 2-13, 2-15 and 2-19, in addition to assignment to the smaller complexes.

Emergencies which cannot be foreseen, may cause a temporary change in assignment. This is done, however, with complete knowledge of the project manager and/or person in charge of maintenance.

In practice, therefore, the project managers are responsible for supervision of Central Maintenance personnel. Further, the Central Mechanics report directly to our larger complex management units, each day.

The Authority does not consider the current number of skilled personnel to be sufficient, if the Authority is to provide better service to the residents of the various projects. Neither does the Authority feel that it has sufficient maintenance personnel assigned to its projects. This is based upon repeated tenant demands for 24 hour coverage, 7 days per week, by a full complement of both maintenance and skilled personnel.

The Authority and Local #305 recently completed a study of manpower needs, in an attempt to comply with tenant demands. The problem of 24 hour, 7 day coverage was approached from the ideal, middle, and minimum requirements. Tenants, managers, and current personnel were included in the discussions. The ideal required the hiring of an additional 299 employees, the minimum requested an additional 90 employees. Both figures required an impossible increase, in terms of budget figures. But a program has been established and is functioning in which shifts we utilized to provide service to project tenants sixteen hours per day, seven days per week.

Management in Newark requires additional personnel, rather than a decrease of personnel. This is based upon the demands of the current social milieu, in which this Authority must operate. The Authority has been put into a position, as have most urban Authorities, of attempting to solve a majority of the social, psychological and economic ills of American urban society.

It is doubtful, at this date, if the Authority can obtain a sufficient number of skilled contractors, within the general project neighborhoods, to comply with your suggested requirement - c - page 2. First, the contractor, if available, would be interested in a yearly contract, or a guaranteed minimum income prior to signing any contract. Second, the contractor would probably not be located within less than one (1) mile radius of any given project. Third, the employment of minority workers, in any trade, is currently

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under Federal review within the Essex County area.

We further maintain that the project manager and maintenance superintendent have full authority for the supervision and direction of any skilled mechanic and/or contractor, working at a specific project. We know that managers and contractors attempt to hire male tenants for watchmen and/or other categories for work in a specific project.

The Authority is of the opinion that specific trades, whether painter, electrician, steamfitter, plumber, carpenter, mason, oil-burner, are better employed by the Authority, than by contracting out the daily workload. The Authority does contract major jobs in specific trades, due to type and amount of heavy or special equipment needed.

Page 3. Requirement 2d

HUD Requirement.

The Community Services Workers and Aides now working on public housing projects must be reassigned to the administrative supervision of the managers of those projects. Technical direction of the Community Services Workers and Aides and city-wide coordination of public housing community service programs will be provided a Director of Community Services in the Office of the Assistant Executive Director for Housing.

NHA Response

In every instance this requirement has already been adhered to. The Community Relations and Social Services staff have a close working relationship with the project manager, who refers to the Community Relations and Social Services worker those residents who constitute or have problems which pose a significant threat to their well being, or that of their neighbors. The Community Service Worker confers, makes personal visits to the troubled family, and in concert with the manager attempts to resolve or ameliorate the situation if it is within his expertise. If the problem is beyond the technical skills of the worker or the resources at the project, one of the myriad referred agencies, organizations, churches, institutions, and/or individuals are called upon to assist in the resolution of the ... problem in question.

In recent years, HUD has been exhorting Local Public Agencies to provide an ever expanding range of social services to occupants of public housing projects, to help them adjust to urban living and improve family living standards. Since such services are paid for from project income, which does not even cover operating expenses, concerted and continued attempts have been made to take advantage of every possible federal, state, and municipal resource

to carry out programs for residents of public housing, i.e., in health, education, employment, recreation, child care, training, community organization, family counseling, youth programs, security, narcotics problems, welfare needs, etc.

In attempting to meet the overwhelming need for tenant services this Local Public Agency has all but exhausted the resources of a financially beleaguered city, a city which has left the burden of the wide range of resident needs on the shoulders of the Local Public Agency.

Since our social services program reaches out to assist residents, we have increased our own workload in this area far beyond the ostensible limitations of our involvement.

In terms of staff allocation in Newark's Public Housing, there is a 5000 to 1 ratio of worker to tenant population, which is totally unrealistic even under ideal conditions, and the present population will increase as contemplated projects are completed.

In spite of the foregoing, the Community Relations and Social Services staff has garnered most available resources (see Exhibit Attached) in a desperate attempt to meet the needs of the project residents the staff has.

Encouraged and assisted formation of tenant associations, and review committees.

Trained and absorbed new career trainees (35), recruited from areas under Local Public Agency jurisdiction.

Developed a painter apprentice program.

Employed 630 project youth in meaningful jobs during the summer of 1970.

Obtained assistance of CHR-ILL staff (25) as homemakers and health aids, stationed in Newark Housing Authority projects.

Established Senior citizens centers at elderly projects.

Increased attempts to gather resources for anti-narcotics program through education, referral service, outreach programs, and close liaison with rehabilitation centers, etc.

Transported -10,000 residents out of city to recreation and cultural centers in the summer of 1970.

The attachments will attest to sincere attempts to improve services and opportunities for residents with a numerically inadequate staffing of 5,000 to 1 (Social service staff). Needless to point up the physical impossibility of making the desired and imperative impact necessary if public housing is to survive in a healthy state.

/s/

Between April 1, 1969 to March 31, 1970, 822 cases were referred to the Community Relations and Social Services Division (see attached statistical breakdown Exhibit). This represents in excess of 2000 personal contacts.

It is ironic that requests for additional staff beyond the 8 approved by HUD have been consistently disapproved in spite of the Modernization program and the highly touted Social Goals of Housing, which are wasted without a staff adequate for an effective program.

For the last three years HUD representatives and regional office administrators have criticized, admonished and threatened action because of the utilization of the Community Relations and Social Services staff in relocation offices to provide direly needed services to disadvantaged and deprived relocatees.

It is obvious that the manager could hardly find the time to give attention to the necessary supportive measures, assuring that the resources of the two agencies, are utilized to the fullest degree. It is also psychologically unsound to have the personal understanding and compassionate friend (Community Service Worker) become identified as an instrument of the manager, with his investigative and often punitive function. The Community Relations worker is an adjunct of management designed to project an entirely different function of the total housing program - the personal aspect.

The enclosed exhibits with complete project programs reflect the efforts of both managers and Community Relations and Social Services staff. The procees of follow up of relocatees, employment for youth, formation of tenant associations, etc., embodies the potential for tenant progress through the mutual work of separate departments, Management and Community Relations and Social Services. The "Newark Story" Exhibit depicts the direction of Community Relations and Social Services, the obstacles in its path and the obvious necessity for a unit with a separate specialized function, as now exists.

Finally, we are presently in the process of reorganization and reassignment of personnel, to accomplish permanent staffing at all of the public housing projects, with a special team to implement programs for senior citizen complexes, and a task force to concentrate on the expansion, and reorganization, if necessary, of tenant organizations throughout the City.

Page 3. Requirement 1e

The Tenant Selection office performs a necessary centralized function. The Director of Tenant Selection must continue his present functions as part of the new Department of Housing. Two presently vacant positions in the office can be safely abolished.

/s/

NHA Response

The Authority will comply with this recommendation by eliminating two positions in the budget for April 1, 1971 through March 30, 1971.

Page 3. Requirement 1f

HUD Requirement

The Development Division must continue to perform its function on a city-wide basis within the new Department of Housing.

NHA Response

The Development Division will continue to perform its functions on a city-wide basis as it has been doing very adequately in the past. There is no valid reason supplied by the HUD report as to why this department's responsibility should be altered by moving it into another division. A valuable service is being performed by this department for both Urban Renewal and Housing and its costs are prorated to each program under normal distribution methods. By placing Development under the Department of Housing, no useful or advantageous purpose is served.

Page 3. Requirement 1g

HUD Requirement

In implementing the organization of the Department of Housing, the following positions are to be abolished:

Department of Development-Maintenance Services:

1 Assistant Executive Director	\$ 26,000.
3 Assistant Directors for Maintenance	56,000.
10 Supervisors and foremen	145,000.
7 Clerks	42,000.
3 Truck Drivers	24,000.

Department of Management Services.

1 Assistant Executive Director	\$ 25,000.
1 Director of Management	25,000.
3 Assistant Directors of Management	59,000.
5 Clerks	43,000.
2 Consultants	40,000.

Department of Administrative Services (Central Stores Staff):

3 Storekeepers	\$ 25,000.
3 Laborers	20,000.
2 Building Maintenance Workers	15,000.

Executive Director's Office.

1 Assistant To Executive Director	\$ 26,000.
1 Senior Clerk-Steno	7,000.
1 Laborer-Driver	<u>7,000.</u>

Subtotal \$584,000.

Offset for Assistant Executive Director
for Dept. of Housing & his Deputy (50,000.)
\$534,000.

NHA Response

The saving of \$534,000 recommended by HUD can be equalled or surpassed by the following procedures.

1. Elimination of the category Assistant to the Executive Director	\$26,000.
2. Elimination of Senior-Clerk Steno and laborer in this section	\$14,000.
3. Enforcement of the mandatory 70 year retirement age - 27 employees	\$189,000.
4. Termination of approximately 30 of the 57 employees over 65 years old showing excessive absenteeism	210,000.
5. Consolidation of Managerial function-reducing total number of managers from 36 to 30	51,000.
6. Termination of 10 skilled mechanics	<u>110,000</u>
Total	\$ 600,000.

This will be offset by the following:

1. Hiring of 30 new laborers	\$165,000.
2. Implementation of helper/apprentice program - 15 helper/apprentices	<u>105,000.</u>
Total	\$ 270,000.
Subtotal	\$ 330,000.

By implementation of shift and helper program, the following savings will be effected:

1. Overtime for skilled mechanics with use of two shifts and helpers	\$120,000
2. Overtime for project maintenance personnel	\$300,000
TOTAL	<u>\$420,000</u>

This would be offset by:

1. Shift differential	<u>50,000</u>
SUBTOTAL	<u>\$370,000</u>
GRAND TOTAL	\$700,000

Thus it can be seen that the Authority can effect a savings in the budget year of \$700,000 by terminating over mandatory-retirement age employees, those with minimal productivity and temporaries and replacing them with laborers which will be more productive employees with the need for less employees than the present older ones. Further, the use of a two shifts per day on a 7 day coverage will eliminate 80% to 90% of the overtime now being paid. In addition, trades mechanics are being terminated and replaced with helpers and apprentices at half the trades salaries and also two shift seven day coverage is being extended. In this way, projects are better covered and economics are realized.

Page 4, Requirement 2

HUD Requirement: Executive Leadership

We find that your Executive Director is not adequately administering your combined programs. You can resolve this problem by seeking a new Executive Director capable of administering the joint programs. If no such administrator can be found, it will be necessary to provide for completely separate administration of each program, thus reducing the qualifications of the person you are seeking.

NHA Response

The response to the above HUD comments must be issued by the Commissioners of the Newark Housing Authority.

Page 4, Requirement 3

HUD Requirement: Retirement-Age Workers

The Authority must provide to the Area Office a report on its review of retirement-age workers and of actions it is taking to effect their retirement.

NHA Response: Overage Employees

The Newark Housing Authority has already taken steps to retire those employees who are over 70 years of age. As of this date there are 20 employees who are 70 years of age and over with an additional 7 more who will reach 70 before the end of this calendar year. The staff will recommend that the personnel policy be enforced in that those reaching this age category are to be retired. Further, there are an additional 45 employees 65 years old and over. All those showing excessive absenteeism will be examined by the Newark Housing Authority physician and recommended for retirement if they are unable to perform their duties. Further, a pre-retirement counseling program for employees nearing retirement age has been instituted. Thus far 23 employees have attended these sessions. Please refer to item G.

Page 4, Requirement 4

HUD Requirement: Salaries and Wages

Discrepancies between actual duties and job descriptions are probably the cause of many apparently high salaries and wages. The Authority should request the New Jersey Department of Civil Service to conduct a reclassification and survey of all authority personnel. A copy of the survey report and the Authority's plan

for implementation should be submitted to the HUD Area Office.

NHA Response

Under Civil Service regulations, an employee is required to pass examinations in order to obtain permanent status, and the Newark Housing Authority has always encouraged its employees to do so. However, when Civil Service open competitive exams are held, any individual may file to take it, presuming he is eligible. Thus, many individuals will pass exams not related to the functions they are performing in their departments. This matter was clarified with the HUD Philadelphia Office on July 31, 1970, regarding functional titles and Civil Service titles. For example, a Relocation Assistant working in the Urban Renewal Department is functionally an Urban Renewal Assistant but retains the Relocation Assistant title.

Under this program, the Newark Housing Authority has been able to reduce the total number of temporaries on its staff. In 1969, the total number of temporaries was 345, in 1970 it was reduced to 184 and at present the total number is 156 out of 1272 employees. This is only 8% of the total staff which are considered as temporaries. In effect, individuals pass examinations for positions within the Authority and they are appointed permanently as long as the principle of compensation for a job function is not violated.

The problem of title standardization will be clarified and resolved under the proposed departmentalization plan.

ITEM: RECLASSIFICATION

We are currently awaiting approval of a proposal for Departmentalization which has been submitted to the New Jersey Department of Civil Service. This proposal will require a partial reclassification due to certain positions not fitting within the established departments. We will as per your recommendation request that the New Jersey Department of Civil Service conduct a reclassification survey.

It must be pointed out that such a survey normally takes approximately one year for completion.

The steps involved include:

- a. Meeting between Civil Service and a department head.
- b. Filling out of duties questionnaire by all employees.

- c. Review of duties questionnaire by all employees.
- d. Interviewing all employees.
- e. Verification of interview and questionnaires with all department heads.
- f. Classifications by the Civil Service Staff.
- g. Preparation of job specifications by the Civil Service Staff.
- h. Present survey to Newark Housing Authority.
- i. Review by Newark Housing Authority Staff approval by Board of Commissioners.
- j. Notification to employees.
- k. Hearing on employees who have objections.
- l. Scheduling of appropriate promotional and open competitive examinations.

The above normally takes at least the aforementioned one year period and could take as much as 18 months.

HUD Requirement: Special Budget Provisions

As a means of controlling staffing levels of your Authority, the following supplemental budget requirements are in effect until further notice:

- a. No positions may be filled and no consultant contract may be signed unless such position or contract has been expressly approved in the Operating Budget or Administrative Budget as appropriate.
- b. HUD approval of a position or a consultant contract shall be automatically withdrawn whenever such position becomes vacant or such contract becomes unencumbered. In such cases, HUD approval must be sought by letter.
- c. Each present consultant contract must be reviewed immediately and cancelled whenever feasible. HUD Area Office approval must be obtained for each contract to be continued.

NHA Response

The "supplemental budget requirements" that you impose are acceptable in substance provided no conflict exists with the budgetary and procurement provisions of the Annual Contributions Contract.

HUD must surely be aware that all the positions filled in the current operating budget were already approved, as indicated elsewhere in this report. A reference is made to control "staffing levels of your authority." In our opinion we are complying with the Annual Contributions Contract in this respect. The further conditions mandated, however, are an infringement on the terms of the contract and appear to be directed towards controlling certain of the day-to-day operations of the NHA.

We have been under the impression that with respect to obtaining services of a professional or technical nature the Provisions of Section 306 of the Contract prevailed. It is HUD'S intention to abrogate this section? We feel that HUD, by involving itself in the review and evaluation of all such contracts, is violating the principles of permitting the maximum possible latitude to the Newark Housing Authority, and depriving it of the local autonomy intended by the statutes.

Wherever possible and feasible, existing consultant services will be converted to Civil Service job classifications, with the concurrence of the New Jersey Civil Service Commission.

/ /

Page 5, finding 6

HUD finding. Purchasing Department

We find the procurement function split among several departments.

HUD Requirement

All procurement functions must be centralized under the Purchasing Department.

NHA Response

Procurement in fact is not split among several departments. Purchase of all material and equipment is centralized and functions under the Director of Purchases, Stores & Mail, who is directly responsible to the Assistant Executive Director in Charge of Administrative Services.

On occasion, and only when absolutely necessary, technical specifications and bid documents are prepared by the development section to eliminate what would otherwise be the need in the purchasing department for a technical specification writer.

In the instance cited here, recommendation of award and issuance of covering purchase orders, supported by approved requisitions, are processed in the purchasing department.

Page 6, finding 7

HUD finding: Requisition and Purchase Orders

800 purchase documents for 1200 requisitions were used during the year.

HUD Requirement

The Purchase Department should establish a procedure of accumulation of requisitions of like items for purchase on a regularly scheduled monthly basis.

NHA Response

The figures sighted above are inadequate and represent only 10% of the actual work load relating to purchase orders and requisitions. In the instance of the first item the figure should be 8,000 (not 800) and in the instance of the second item the figure should be 12,000 (not 1,200).

The procedure of accumulating requisitions for like items,

L. 1

considering that some 6,000 separate and individual items are involved, and purchase on a regularly scheduled basis are practiced to the extent possible. Please note that a single requisition issued at the project level for maintenance or repair materials can list anywhere from one to thirty or more items (see #8 below).

Page 6, finding 8

HUD Finding: Central Warehouse

The central warehouse staff of 8 employees, the payroll for which is \$59,525, cares for a present inventory of \$66,347 of materials and supplies.

HUD Requirement

The central warehouse should be closed immediately and the inventory dispersed to projects.

NHA Response

The central warehouse is in fact charged with 8 employees at a cost of \$59,250.00. However, of these one (Al Longo at a salary of \$7,625.00 per year) is assigned to full supervision of the central office parking lot area on a full day basis.

This need flows from two factors:

- (1) The direction of parking both central office employees' vehicles as well as those of visitors.
- (2) The necessity for security in this area where previously a number of attacks have been made on Authority employees. In this sense he fulfills an unofficial security function.

Our inventory of \$66,347.00 when last counted and valued in March 1970 represents a relatively stable figure over these past ten years and has remained stable only because of the inadequacy of the physical plant used for central storage. In the nine month period of April 1, 1970 through December 31, 1970, \$136,000.00 in maintenance and repair materials were purchased and used to process through central stores, during this same period 2,400 of the requisitions referred to above. Extended to a yearly basis the 2,400 requisitions would increase to at least 3,000 on a pro-rated basis for the fiscal year which will end March 31, 1971. Further the dollar value of material purchased, received and distributed to the projects represents approximately 50% of the value of all routine and maintenance materials approved in our current budget.

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It is to be further noted that on the basis of the figure supplied above the activity of central stores represented a turnover of the entire inventory at least twice within the nine month period.

Elimination of the central warehouse, in our opinion, would result in the following undesirable consequences:

- (1) Generation of a subsequently greater volume of purchase orders, resulting in a substantially increased administrative workload and cost in both the purchasing department and in the accounts payable section of the Finance and Accounts Department
- (2) Higher unit cost for material purchased. Our present price levels are maintained at the most economical levels through bulk purchasing, single destination delivery and annual requirement contracts predicated on these factors.
- (3) Less control of universally used and distributed materials presently centrally stored.

Further:

- (1) Central warehouse personnel are used for the transfer of surplus material and heavy equipment such as ranges and refrigerators from project to project. The present day State-Approved rate for commercial movers is \$32.00 per hour for three men and a van, with a minimum of three hours plus travel time.
- (2) This same central stores personnel is used for distribution of bulk purchased office supplies and "in house" printed and mimeographed forms used in twenty-three project locations. In the latter regard they also serve the like needs of nine relocation offices and four central office satellite offices in downtown Newark.

In the light of the above comments and citations, it is urged that we have an enlarged central storage facility for the following reasons.

- (1) Expanded and more effective stock control of universally used items.
- (2) Central stores has an unblemished record for security. On the other hand the figure for break-ins, theft and/or mysterious disappearance at the project level is a matter of record and has resulted in a substantial increase in insurance costs. An enlarged facility would enable us to store under safe and secure conditions a larger proportion of our total material inventory.

By way of summary, we feel that elimination of the central stores facility would have the following undesirable and uneconomical effects:

- (1) Although the salaries of, in effect, 7 employees total approximately \$50,000.00 might be eliminated, this presumed saving and redistribution of central stores inventory to the projects would be more than offset by the need and demand generated for additional personnel to serve as at least part time stock clerk in 17 project locations noted as follows: 2-1, 2-2, 2-5, 2-6, 2-7, 2-8, 2-9, 2-11, 2-14, 2-16, 2-17, 2-21A, 2-21E, 2-21f, 2-22B, 2-22C, 2-22D.

At the present time the senior maintenance repair man at each of these projects "doubles" as Stores and Inventory Clerk.

- (2) Substantially increased material cost based on multiple location and reduced quantity deliveries.
- (3) Increased administrative personnel cost in handling a situation that might well double the work load of our central procurement section.
- (4) At least two of the seven men, whose termination is suggested, would still have to be retained for the movement of heavy equipment between projects and delivery of both office supplies and "in house" printed forms to 23 project locations, 4 central office satellite locations and 9 relocation offices.

Page 6, finding 9

HUD finding: Excessive Inventories

Excessive inventories are being maintained at some projects such as a 6-year supply of toilet tanks and a 5 year supply of kitchen fixtures.

HUD Requirement

Project inventory must be surveyed and reduced by redistribution among projects, and control of future ordering.

NHA Response

With regard to the specific finding noted here, it is obvious from a review of our records that the two instances cited refer to conditions at Columbus Homes, Project 2-13. A review of our records indicates that the two instances cited of over supplies developed during the tenure of the position of stock clerk by a given employee during the period from May 20, 1969

through December 30, 1970. The inadequacy of performance of this employee was brought to the attention of management by the purchasing department at least six months ago. He was replaced by a highly qualified and experienced stock clerk under date of December 30, 1970. The excess supplies referred to above as well as others that developed at this site, will be transferred back to central stores and redistributed as required by other projects in the authority. If specific documentation of the duplicate requisitioning and inadequate record keeping are required they are readily available from the purchasing department.

Since this represents a relatively isolated example of human failure we feel it would be more useful to analyze our inventory and to refer to the steps taken beginning April 15, 1970 as evidenced by the attached exhibits to review and enforce stricter limits of inventory control and general requisitioning and stock control procedures.

Attached here you will find a record of our physical inventory for the years 1965 through 1970. In connection with these figures please bear in mind the following:

- (1) For the years 1964 through 1965 we had a comprehensive elevator repair contract including the furnishing of material for projects 2-12 and 2-13. One of the provisions of the contract was the sale of all elevator materials at these two projects to the contractor at full invoice value. In 1966 after the termination of the contract, it was necessary to purchase and replenish the stock required for use of our central maintenance elevator repair crew.
- (2) The inventory for the year 1970 includes materials purchased to be used under the modernization budget for both deferred extraordinary maintenance items and improvements wherein the authority has provided materials to be installed by outside contractors for economical reasons. A prime example of this is an item of approximately \$20,000.00 worth of Lexan Polycarbonate Glazing Grade Window Lights, purchased under advertised bid.
- (3) Our inventories, in the light of constantly increasing cost as a result of the general economic trend, and the widespread increase in vandalism at our project sites are not, in our opinion, excessive when reviewed on an overall basis as demonstrated by the attached review.

It has always been the policy and practice of this authority to survey and redistribute excess materials after review of the annual inventory.

Page 6, Finding 10

HUD finding: Passenger Vehicles

The Authority possesses 22 passenger vehicles which are assigned to specific persons primarily among the executive staff.

HUD Requirement

Need for passenger vehicles must be given hard study with substantial reduction of the fleet. Each vehicle must be clearly identified with a bright and large Newark Housing Authority decal.

NRA Response

The Local Agency has been very cognizant of the problem which exists with its motor vehicles and has for the past year, been giving this matter serious consideration. We are at a distinct disadvantage because we do not have space to garage these vehicles. We have been looking for proper accommodations which would be adjacent to our Central office. There are a few such properties available, and we have discussed this matter with both the Urban Renewal HUD staff and the HAA HUD staff with the possibility of acquiring such a property through Modernization funds. Were we able to do this, we could then institute a regular motor pool with complete control over all Housing vehicles and maximum usage of them. Once this type of program could be put in operation, it could result in a reduction in the amount of vehicles needed. We welcome any help in this area from HUD. The matter of identifying the Housing vehicles by use of decals was suggested two years ago and the main objection to this was the danger of having these vehicles damaged by vandals once they saw the Housing Authority emblem or decal on the vehicle. The consensus was that this could create a hazardous condition and in some cases endanger the lives of the drivers of these vehicles. However, if HUD feels that this is an absolute necessity this Authority will reluctantly go along with identifying all Housing Authority vehicles.

Page 7, Finding 11

HUD finding: Ranges and Refrigerators

Many old ranges and old 8 to 10 cubic foot refrigerators still are being used.

HUD Recommendation

Old and obsolete ranges and refrigerators should be replaced with Modernization funds at costs not greater than those charged in Consolidated Supply Contracts.

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NHA Response

The Newark Housing Authority is in complete accord with the HUD recommendation to replace old and obsolete refrigerators and ranges. We have always endeavored to accomplish this as both the records at HUD and Newark Housing Authority show, and knowing its importance to our tenants have requested time and again the funds necessary to implement this program.

An attempt was made, in our Modernization Program - Phase I, to eliminate a portion of the obsolete ranges and refrigerators. The following numbers of ranges and refrigerators were delivered to the enumerated projects:

<u>PROJECT</u>	<u>RANGES</u>	<u>REFRIGERATORS</u>
NJ 2-10	150	400
NJ 2-12	300	700
NJ 2-15	250	600
NJ 2-19	<u>340</u>	<u>800</u>
TOTALS.....	1,040	2,500

RANGE AND REFRIGERATOR UNIT PRICES

20" Gas Range	\$73.00
flexible Tubing	3.50
To Install	<u>30.00</u>
TOTAL IN PLACE	\$106.50
36" Gas Range	\$86.75
Flexible Tubing	3.50
To Install	<u>30.00</u>
TOTAL IN PLACE	\$120.25
10 C/F Refrigerator	\$113.61
To Install	<u>12.00</u>
TOTAL IN PLACE	\$125.61
12 C/F Refrigerator	\$118.96
To Install	<u>12.00</u>
TOTAL IN PLACE	\$130.96

The remaining portions of these items have been included in Modernization-Phase II, plans for which have been prepared.

The above data shows the present cost as per our latest contracts as of 1971 for ranges and refrigerators and is itemized to show the cost of ranges and refrigerators both delivered to the site as well as installed.

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The budget as submitted for fiscal year

1970-71 requested:	Total Refrigerators	\$268,931.
	Total 20" Ranges	65,775. (Gas & Elec.)
	Total 36" Ranges-gas	60,920.
		<u>\$395,626.</u>
	Approved by HUD	<u>197,320.</u>
		197,806. or 50%

Under the above approved budget for fiscal year 1970-71, 983 - 12 c.f. refrigerators, and 641 ranges are not on bid. These totals are for all NHA projects.

We have in the past and still are purchasing these items at costs not only equal to those charged in Consolidated supply contracts, as HUD recommends, but at costs lower than those charged in the Consolidated supply contracts.

Page 7, finding 12

HUD Finding: Fuel Consumption

We find there is an excess of fuel consumption throughout the projects. This is caused by heat loss through the hundreds of broken windows, heating inefficiencies due to excess scale on the heating surfaces of the boilers, and failure on the part of the project maintenance men to operate the boiler systems at pressures and conditions specified by the manufacturers. The use of old and inefficient equipment is another cause of excess fuel consumption.

HUD Recommendation

The Authority should enter an immediate campaign including the following elements to correct this situation:

- a. A maintenance program that will replace all broken windows expeditiously using Loxan or equivalent material and that will schedule adequate boiler service for the summer months.
- b. Education of tenants and training of boiler plant personnel as to how, in their respective roles, they can reduce heating losses and inefficiencies.

NHA Response

First, we do not agree that the Excessive fuel Consumption is primarily a result of broken windows. Excessive broken windows exist in the stairwells at Stella Wright Homes - NJ 2-15, and Scudder Homes - NJ 2-19. Radiators do not exist in these areas, therefore the loss of heat in these areas, with regard to

the overall Project is minimal. The present stairwell windows have been replaced repeatedly only to be vandalized repeatedly.

Windows, in high-rise developments, were replaced by contract during the period from the summer of 1969 until February 1970. Windows were re-broken as fast as put in. We agree that it is a problem to be solved by more security, active tenant participation, and community assistance. Management has worked, constantly, with tenant and community groups, as well as Community Relations and Social Services, to effect the required program.

We must again refer to the current social milieu, in which urban authorities operate. We agree that the Community organization staff be strengthened, (P. 6, Urban Renewal) and request that HUD recognize the need for additional budgetary appropriations. It may require a complete revision of HUD budgetary procedures. HUD made a cursory attempt to recognize this need with the HUD/HAA Management Training Sessions in the various Regional Offices (HUD/HAA Philadelphia, Pa. February 24-26, 1969, Housing Managers). However, to our knowledge, there has been little or no "follow-up" of these programs. It would appear, therefore, that HUD has knowledge of the great need for re-training and for revamping past policies, to enable Local Authorities to operate in today's world.

Approximately two years ago we began using Lexan Unbreak able Glass throughout the High Rise Projects, in limited amounts due to the high cost. This Program is progressively being carried out as funds are available. For example, at Project Scudder Homes - NJ 2-19 all of the front entrance doors have been rehabilitated and Lexan Glass was used. Further a purchase of Lexan Glass in the approximate amount of \$20,000.00 was made for the purpose of replacing the entire first and second level apartments throughout the Project.

The boiler systems are operated at the pressures and conditions as specified by the manufacturers, and the Newark Housing Authority has conducted surveys and had studies made, copies of which are enclosed, by qualified engineering firms specializing in boiler and combustion equipment and heating practices. The Authority has requested, as far back as January 1966, and again in December 1968, and continually since that time, additional monies to make the necessary changes and corrections so our heating system would be able to operate at a greater percentage of efficiency. Also the replacement of boilers and installation of air-atomizing burners and all other necessary items as requested in the above mentioned reports.

The replacing of old and inefficient equipment as noted in the HUD findings is dependent upon their approving our requests for funds which we have submitted many times over the years.

Reference is made to the heating inefficiencies due to excess scale on the heating surfaces of the boilers. The Central

Maintenance Department has initiated and maintained a schedule to clean boilers on a weekly rotation basis. However, due to extreme inclement weather conditions in some instances, some boilers cannot be taken off the line in compliance with this program in order to maintain proper heating pressures.

Further, we have a Contract with the Butler Engineering Company (awarded per competitive bidding) for boiler water treatment. The attached most recent report indicates the PH factor is being maintained throughout the Boilers at a 9 Plus Level. (See attachment No. D.)

In addition to the above programs we engage a contractor (Per competitive Bidding) on an annual basis specifically during the summer period, for pressure vacuumings of all heating boilers, breechings and stacks.

Again, we must emphasize that the replacement of "old and inefficient equipment" required an authority to have residual resources, or an RMR account, which cannot exist if an authority is operating under a deficit budget, and must request HUD operating deficit subsidies.

We, in Newark, think that our past record and/or programs of social awareness requires that this Authority be given the necessary additional budgetary funds to effect your recommendations.

Page 8, Finding 13

HUD Finding: Elevators

Elevators are difficult to maintain, easy to vandalize and have dangerous design features. Operating problems encountered are beyond the skills of Authority staff maintaining them.

HUD Recommendation

The Authority should enlist manufacturers' aid in determining redesign of elevators to provide safety and ease of maintenance, using Modernization funds.

NHA Response

The Authority concurs in the finding that elevators are difficult to maintain and easy to vandalize. Funds were requested in the Modernization Program, Phase I, to modernize elevators; to eliminate those elements that were easily vandalized; and to alleviate problems in maintenance operation consistent with the experience gained to date.

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We are unaware of the existence of any dangerous design features. We wonder at this point in time why such features, if in fact they existed, were approved in the original development program. In any event, should any damages occur due to vandalism or otherwise or should any defective design features be revealed endangering the life or safety of the tenants we shall promptly exercise our option under the emergency provisions of the contract, (Section 407), and make immediate repairs.

The Authority has engaged architects in the past relating to elevator design. It has been our impression that these architects retained professional mechanical engineering support from manufacturers and other consultants. We will solicit manufacturers' assistance in redesigning and improving elevator operations where found to be necessary.

Page 9, No. 14: Tenant Employment and Training

HUD Finding

Utilization of skilled labor for work which could be performed by trainees. Example: Cost per hour of \$7.71 to install observ-o-scopes; cost of \$6.75 to install door locks.

HUD Recommendation

The Newark Housing Authority should develop a tenant employment and training program involving all items which can be accomplished with supervision. Modernization requests involving tenant employment and training will receive favorable consideration by HUD.

NHA Response

The Newark Housing Authority has always employed residents in the operation of its developments. In the early days of the original six (6) Local Housing Authority projects, an employee residing in a project was given a differential in rent for availability to service families after normal working hours. Those tenants already in Newark Housing Authority employ number 172. However, it is agreed that many other tenants in public housing can be introduced into the Authority with On-the-Job Training and the security of permanency with Civil Service. Funding is being sought to implement some of these plans. Minority hiring in skilled trades has been at a low level through the lack of cooperation by the trades unions and by the failure of minorities to respond to recruitment drive. However, great success has been achieved in the painter apprentice program which the Authority, Painters Union and Civil Service Commission have endorsed and sponsored for several years. Many of these apprentices have become journeymen and are either working for Newark Housing Authority or private contractors. This has been expanded to include carpenter apprentices and helpers programs for the electrical, plumbing and steamfitter trades. Breakdown of project staffing is listed below:

N.J. 2-1 Total employees, 17;
 Administrative, White 2, Negro 0, other 0
 Maintenance, white 7, Negro 8, other 0

The records of this development indicates that 15 residents are employed by Newark Housing Authority, 10 White, 5 Negro.

N.J. 2-2 Total employees 11;
 Administrative, White 2, Negro 0, other 0
 Maintenance, White 4, Negro 5, other 0

The records of this project indicates that 3 residents are employed by Newark Housing Authority, 1 White, 2 Negro.

N.J. 2-5 Total Employees 18;
Administrative, White 0, Negro 3, other 0
Maintenance, White 4, Negro 10, Puerto Rican 1

The records of this project indicates that 12 residents are employed by Newark Housing Authority, 0 White, 12 Negro.

N.J. 2-6 Total Employees 11;
Administrative, White 2, Negro 0, other 0
Maintenance, White 9, Negro 0, other 0

The records of this project indicates that 4 residents are employed by Newark Housing Authority, 4 White, Negro 0.

N.J. 2-7 Total Employees 16;
Administrative, White 2, Negro 2, other 0
Maintenance, White 7, Negro 4, Puerto Rican 1

The records of this project indicates that 6 residents are employed by Newark Housing Authority, 2 White, 3 Negro, 1 Puerto Rican.

N.J. 2-8 Total Employees 12;
Administrative, White 0, Negro 2, other 0
Maintenance, White 1, Negro 9, other 0

The record indicates that 4 residents employed by Newark Housing Authority, 0 White, Negro 4.

N.J. 2-9 Total Employees 13;
Administrative, White 1, Negro 1, other 0
Maintenance, White 4, Negro 6, Puerto Rican 1

The records indicate that 5 residents are employed by Newark Housing Authority, 0 White, 0 Negro, 5 Puerto Rican.

N.J. 2-10 Total Employees 29;
Administrative, White 4, Negro 1, other 0
Maintenance, White 10, Negro 11, Puerto Rican 3

The record indicates that 2 residents are employed by Newark Housing Authority 0 White, Negro 2 other 0.

N.J. 2-11 Total Employees 25;
Administrative, White 3, Negro 1, other 0
Maintenance, White 15, Negro 5, Puerto Rican 1

The record indicates that 4 residents are employed by Newark Housing Authority 2 White, 2 Negro, 0 other.

N.J. 2-12 Total Employees 54
Administrative, White 1, Negro 7, other 0
Maintenance, White 7, Negro 39, other 0

The record indicates that 12 residents are employed by Newark Housing Authority, White 0, Negro 12, other 0.

5-1

N.J. 2-13 Total Employees 56;
Administrative, White 10, Negro 2, Puerto Rican 1
Maintenance, White 34, Negro 5, Puerto Rican 4

The record indicates that 7 residents are employed by Newark Housing Authority 0 White, 3 Negro, 4 other-Puerto Rican.

N.J. 2-14 Total Employees 10;
Administrative, 2 White, 0 Negro, 0 other
Maintenance, 5 White, 3 Negro, 0 other

The record indicates that 9 residents are employed by Newark Housing Authority, 4 White, 5 Negro, 0 other.

N.J. 2-15 Total Employees 44;
Administrative, 0 White, 8 Negro, 0 other
Maintenance, 4 White, 30 Negro, 2 Puerto Rican

The record indicates that 7 residents are employed by Newark Housing Authority, 0 White, 7 Negro, 0 other. In addition (2) residents are working under Contract, Maintenance of Mailrooms.

N.J. 2-19 Total Employees 68;
Administrative, White 0, Negro 11, Puerto Rican 1
Maintenance, White 8, Negro 46, Puerto Rican 2

The record indicates that 17 residents are employed by Newark Housing Authority, White 0, Negro 15, Puerto Rican 2, one resident is employed operating Mil Pac equipment.

N.J. 2-21A Total Employees 15;
Administrative, 1 White, 2 Negro, 0 other
Maintenance, 6 white, 6 Negro, 0 other

The record indicates 1 resident employed by Newark Housing Authority, 0 White, 1 Negro.

N.J. 2-21E Total Employees, 12;
Administrative, White 2, Negro 2, other 0
Maintenance, White 9, Negro 0, 1 oriental

The record indicates that 2 residents are employed by Newark Housing Authority.

Neighborhood youth programs have contributed to the labor force, administrative and maintenance. Over 80% of these recruits live in our developments. The installation of door locks and observ-o-scopes had to be done expeditiously in response to tenants demands for better security, time did not permit the development of a training program to do this type of instant mass installations. The Authority is certainly in favor of tenant employment and training as expressed in modernization concepts.

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HUD Finding

The lack of adequate security, both in and around projects, overshadows all other findings in this area. This lack of protection has led to the curtailment of necessary social and community services - health services and recreation programs, for example - and has deeply affected the mood of both tenants and project management. The lack of security, particularly in the Central Ward, has left narcotics peddlers virtually unhindered in their selling of narcotics to residents of all ages and the consequent rate of burglary, petty theft, and muggings is appalling. Tenants fear for their lives, and many elderly not only will not go out at night but are afraid to pay their rent because of the fear of being mugged.

NHA Response

The lack of adequate security and police protection both in and around the projects is not denied. This is not to say, however, that this Authority has not tried and is not continuing to try to correct this deficiency.

On July 20, 1964, the Newark Police Department officially took over the supervision and control of all Housing guards and special police officers assigned to the Housing projects. These constituted twenty-one (21) men, for which this Authority, by contract with the city, contributed \$100,000 per year toward their salaries (approximately one-half of salary). It must be understood, however, that this service was never intended to exclude other police protection required of the city.

As "problems" increased throughout the projects, as well as within the city as a whole, additional housing police have been hired. For example, as of September 12, 1968, forty-one (41) men were assigned to the projects for seven (7) days a week coverage. This Authority raised its cash contribution from \$100,000 to \$130,000 per year and later the same year to \$200,000. It has remained at \$200,000 per year. The average salary for a Housing policeman is approximately \$7,000 per year.

The areas of the projects are open to the general public, and it was always our understanding that the Housing police would patrol the interior of all buildings, a vertical patrol as well as the horizontal area patrol. The special payments, as distinguished from payments in lieu of taxes, is for in-project patrol; that the peripheral project patrol is part of the usual municipal service required and for which payment in lieu of taxes is made.

Many meetings have been held by members of this Authority's staff and tenants with the Mayor, City Council, Police Director,

Deputy Police Chiefs since 1964, concerning the need for more police protection, and including the prior and present city administrations. Solemn promises of compliance have been made by them and not kept because of lack of manpower. As recently as January 25, 1971 staff and tenants met with the current Mayor relative to this problem wherein the Mayor stated that he has a proposal before the City Council to increase the number of Housing police by 100 or more men plus auxiliary police assistance.

This city has approximately 378,000 inhabitants. The Housing projects have approximately 40,000 people. This represents an excess of 10% of the total city population. The city of Newark has approximately 1,400 policemen. As projects represent 10% of the total population we are entitled to 10% of the police force, to wit: a minimum of 140 men on the basis of the present ratio. Our current complement approximates between sixty (60) and sixty-four (64) men. It must be remembered that the concentration of people within our projects, and especially the high-rise projects, does not minimize, but maximizes the additional need for police protection attendant with the greater density of population. The providing of security guards by this Authority directly responsible to it, and not under the direct control and supervision of the Police Department, is a continuing demand of Tenant groups with which we cannot comply because of prohibitive costs. There is no unanimity amongst these groups for the hours of coverage; for example, some groups want each entrance guarded twenty-four (24) hours a day; other groups have suggested varying degrees of hours of coverage. In all instances what appears to tenants as a minimum cost representing a prohibitive cost to the Authority. Efforts are currently being made with the Community Development Administration of the city of Newark and the State Law Enforcement Planning Administration for funding for a wide range of security programs. For example, the plans call for Safety through Lighting and Enlightenment and vertical policing of project buildings. On January 27, 1971 the State Department of Community Affairs has orally advised this Authority that the Department would fund the Experimental Security-Maintenance Project at Scudder Homes on a matching dollar basis. That is to say that since the program calls for a budget of \$110,831.94, that the Department of Community Affairs would provide 50% of those funds and it will be necessary for the Newark Housing Authority to provide an equal amount.

At Columbus Homes a pilot program, also developed by this Authority with the Community Development Administration of the city of Newark, (Model Cities Program) is directed toward "Vertical Policing". Assurances have been given that this endeavor will start within a reasonable time.

Notwithstanding all of the above, and not attempting to minimize the need for additional police protection and security, herewith attached is a crime incidence report prepared, marked

Exhibit #4, at our request, by the Newark Police Director, which shows that the Housing projects "experience less than a 1% increase in Part I crimes during the first eleven (11) months of 1970". Please note that the report breaks down the crimes into classes, quantities, percentages, by project.

Page 9, No. 15: Security

HUD Recommendation

Despite the City's financial difficulties, we urge the City to expand the present force of housing police in numbers, hours of protection and level of supervision.

Simultaneously, the Newark Police Department should develop a supportive network with tenants to strengthen and decrease vandalism. This includes expanding and strengthening police/community relations to include all projects, low-rise as well as high-rise.

Further, we urge the Authority to expand the Scudder Homes pilot project of a Tenant Security Force to other beleaguered projects; to seek funds for the training and salaries involved from the New Jersey Department of Community Affairs and the U.S. Department of Justice; and, if necessary, to provide for such a para-professional security force through regular operating funds.

We recommend controlled access to all Authority-owned housing projects; especially the high-rise buildings.

NHA Response

The Authority is in full agreement with the above recommendation. Further, it pledges its full, continuing cooperation with regard to any viable effort by the Newark Police Department to control crime and the feeling of insecurity on the part of tenants by improving its protective services.

The Authority will be pleased to pass on HUD's recommendation and the above response, to the Director of the Newark Police Department.

HUD Finding

Existing tenant organizations - both on the project level and city-wide - do not appear to be truly representative of the whole tenant body. Their effectiveness in dealing with the Authority is thereby reduced. If the changes recommended in this report are to be effective in improving the quality of life within public housing in Newark, then tenant groups must be fully involved in the decision-making and implementation of those changes.

HUD Recommendation

The Authority must plan immediately for an impartial city-wide election of tenant organizations. You must contract with a neutral, outside agency, such as the American Arbitration Association, for the detailed planning and carrying-out of this election. Prior to the election, tenants must be thoroughly informed of their rights and responsibilities as tenant voters. Sincere effort to involve youth in tenant organizations is essential. Ultimately, there must be three levels of working tenant involvement: (a) organizations representing individual buildings, blocks or projects working with the project manager on day-to-day problems, grievances, etc.; (b) A central Tenant Affairs Board with representatives of each project to deal with the Newark Housing Authority top staff and Commissioners on significant policy questions; (c) we recommend that the Mayor appoint tenants to the Board of Commissioners to fill the current vacancy and the upcoming vacancy.

NHA Response

Residents have always been encouraged to organize tenant associations to assist management in dealing with problems, and to advise management of their needs. Part of the orientation sessions with prospective tenants at the project level is devoted to this kind of encouragement. Tenants are advised of the problems of the project community and their help is solicited in dealing with those problems. Emphasized is the need for strength in unity. Tenant associations through the years have been good, bad or indifferent. Leadership has not been stable, in that with recurring elections, it was always a question of starting all over with new faces. In the early history of this Authority managers were compelled to attend tenant association meetings, however, this in some instances began to create an area of suspicion in that Management was accused of dominating meetings or influencing selection of candidates for office in tenants' groups. Tenants' groups have participated in recommendations for budget items, social service programs, cultural programs in endeavoring to improve the project community.

Review of existing projects indicates effective tenant organizations at:

NJ 2-1, attendance at meetings average 45-50 residents
NJ 2-2, attendance at meetings average 40 residents
NJ 2-3, attendance at meetings average 35-40 residents
NJ 2-6, no tenant organization
NJ 2-7, attendance at meetings, average 65 residents
NJ 2-8, attendance at meetings, average 60 residents
NJ 2-9, attendance at meetings, average 30 residents
NJ 2-10, 2-17, attendance at meetings, average 35 residents
NJ 2-11, attendance at meetings, average 55 residents
NJ 2-12, attendance at meetings, average 100 residents
NJ 2-13, attendance at meetings, average 75 residents
NJ 2-14, no tenant organization
NJ 2-15, attendance at meetings, average 75-100 residents
NJ 2-19, attendance at meetings, average 75 residents

Tenant organizations for Projects NJ 2-21 and NJ 2-22 are represented within the tenant organization structures of projects to which the individual buildings are adjacent.

Concerted efforts are constantly being made to bring about tenant participation in the affairs of the project community, i.e., elections of building floor captains, building representative on association executive boards, and committees. Tenants sponsor and support various activities carried on by other organizations, e.g., Boy Scouts, Girl Scouts, Pre-School, Health Facilities, Welfare Centers, Golden Age Clubs, Recreational activities. A majority of these activities have office-activity space in the project community.

There is no disagreement to the idea of tenant participation on the Board of Commissioners, whether it be as per your recommendation or by legislation to increase the size of the Board. The Authority has on numerous occasions endeavored to help in setting up a central tenant affairs Board. The most recent was a Joint Tenants Council in which the Authority management participated in a two-day conference at Rutgers University. Efforts to bring about greater participation in tenant management co-operative ventures, developed into an attack upon the Authority and the HUD guidelines which are in effect. The Executive Director and various segments of the staff constantly meet with tenant groups, hopefully to find ways and means to solve the many problems.

The Authority agrees completely with this recommendation, however, it will be necessary for HUD to supply the funds for the election procedure and this shall be submitted in an additional modernization fund request.

HUD Finding

Distrust between tenants and the Housing Authority top staff is very high. Ability to communicate is at a very low level. Communication between managers and tenants varies with the outlook of the Manager.

HUD Recommendation

We believe that the implementation of our recommendations concerning tenant organization will go a long way toward establishing regular and adequate channels of communication between tenants and all levels of management. Furthermore, we recommend that those managers who are hostile to tenant concerns and involvement be replaced.

CRSS project staff needs to become more visible to the tenants. CRSS needs to utilize as many media as necessary to inform tenants (and managers) of available services and to involve tenant organizations in the planning of more effective, relevant community service programs.

NHA Response

In spite of the thousands of personal contacts with tenants at meetings, programs, newsletters, radio, newspaper and other media, it would even then seem unlikely that the limited staff of Community Relations and Social Services would be known to the vast majority of the 40,000 tenants of the agency. It is agreed and the recommendation will be followed to increase the visibility of Community Relations and Social Services staff by utilization on a regular basis of all media possible to effect greater awareness of available services, and engender more involvement in planning the relevant community service programs.

We agree that the establishment of viable tenant organizations within public housing projects will go a long way towards enhancing the existing channels of communication between tenants and all levels of management. With respect to HUD recommendation that the managers who are hostile to tenant concerns and involvement be replaced, the Authority is in complete agreement. However, unless standards are developed by which the Authority is able to determine what constitutes hostility, we are not able to effectively deal with this problem at this time. If HUD is aware of specific managers who are considered hostile, we would welcome its specific recommendations in this matter.

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HUD Finding

A major factor in the delay of Modernization has been the use of architects for work that does not need architectural treatment. Examples are vandal-proof light fixtures, spray painting of soffits, installation of unbreakable glass, ceramic tile at building entrances, repair of canopy drains, etc.

HUD Recommendation

Work of the type cited above should be put to bids, based on staff-prepared specifications. A review of architects' contracts should be made and cancellation invoked whenever feasible.

NHA Response

We disagree with HUD's finding that the major delaying factor in the Modernization Program has been the use of architects for work which does not need architectural treatment. We have in the past, required architectural contracts only when it was not in the best interest of the Authority to do otherwise. Rather, the major factor in the delay of the execution of our Modernization Program is the negotiations among HUD, the Authority, architects, and community groups working with the Modernization Program. Attached is a list of correspondence showing what the Authority considers some of the obstacles which have had to be overcome, in order to expedite our program. A major item in this connection was the non-acceptance of an architectural fee percentage by HUD, Newark Housing Authority architects of record.

After much correspondence back and forth in many meetings, which began in March of 1969, final approval of an architects fee of 7% was agreed upon in November of 1969, showing a time lapse of approximately nine months. Also continuous changes in plans and specifications as a result of meetings with our tenants delayed the time by which final plans and specifications could be advertised for bid.

Another factor in slowing down work in our Modernization Program was the necessity of preparing specifications for rebid, as a result of the first bids coming in over our budgeted figure for the individual projects. Because of the excessive costs involved, meetings had to be arranged with our architects, the HUD staff, and contractors for the purpose of: 1) deleting items on a priority basis so that construction costs could be minimized and 2) negotiating changes in areas that the Authority felt could result in savings without necessitating a complete revision of drawings and specifications and the re-advertising for bids.

H/L

We would also like to mention that with the funds from the seven million plus dollars that we have been allocated for our Modernization Program, we did, in fact, prepare our own plans and specifications without the aid of outside contracts, and had more than two million dollars worth of work completed.

Page 12, No. 19: Subject Preparation and Execution

HUD Finding

Except for securing a listing and justification of non-routine work items and replacement of equipment, project housing managers are not involved in the preparation or execution of the LHA budget program.

HUD Recommendation

In view of the serious financial problems of the Newark Housing Authority, in addition to a consolidated budget for the LHA program, it is required that complete and separate budgets be prepared for each project or project combination operated by the same staff. The housing managers should prepare the entire budget for the projects to which they are assigned. Further, the execution of the project budget work should be the responsibility of the housing manager. Quarterly Operating Statements must also be prepared and submitted to the HUD Area Office to show how much budget program is actually performed.

NHA Response

At present the NHA prepares its consolidated budget according to the Annual Contributions Contract provisions. In order to prepare such a consolidated budget, it is mandatory for each project manager to submit separate and complete budgets for the project or projects under his supervision.

This budget preparation at the project level is a product of the involvement of all levels of employees, plus tenant participation from each of the tenant organizations. Managers and maintenance superintendents have been instructed to maintain budget books which contain suggestions for project needs. In addition, tenant suggestions and demands are recorded in these books, which are included in the budget submission for the following year.

During actual budget preparation, managers meet with tenant groups and employees and incorporate all suggestions and demands in the budget proposals. The managers are required to submit budget data on:

- a. Additional equipment - property additions
- b. Replacement of like items
- c. Special jobs - non-routine betterments or additions
- d. Estimated cost for contract items
- e. Estimated cost, based upon previous expenditures for sundry, janitorial, grounds, masonry, carpentry, plumbing, range, heating, electrical, elevators, refrigerators, as well as tools and other expendable items.
- f. Staffing needs

The project managers then meet with the Assistant Directors of Management and Maintenance in order to review their submissions for unnecessary budgetary items which could be deleted. A final review is conducted when all proposals have been submitted and it is known that income will not cover operating expenses. Therefore, it is another HUD inaccuracy to state the managers are not responsible for preparation of their budgets.

Execution of project budget work is the responsibility of the individual project manager. If HUD is aware of situations, where this does not occur, recommendations for effective change would be accepted readily. Further, the NHA presently submits semi-annual operating statements and we have no objection to submitting quarterly reports.

Page 12, No. 20: Rent Collection

HUD Finding

An analysis of the tenant accounts receivable records indicate that as of December 31, 1970, the balance due from tenants was \$877,000 and is approaching 100% of the monthly rent roll. We realize that the excessive tenant accounts receivable balance is due primarily to the rent strike that has been in progress since March 1970. (Schedule showing effect of rent strike on tenant accounts receivable is attached).

HUD Recommendations

It is imperative that the rent strike be settled as expeditiously as possible in order to avoid substantial losses of income and to normalize management /tenant relations. Tenants must be informed that continuation of the strike and substantial loss of rent revenue to the Authority endangers the Authority's entitlement to HUD operating deficit subsidies. Tenant responsibility is a requirement for entitlement to such subsidy.

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NHA Response

This is a definite play on words and it appears that it was a definite attempt to cloud the true circumstances. The fact is that the \$877,000 represents the accumulative rent delinquency for the nine months beginning with April 1, 1970 and ending December 31, 1970, and since our rent schedule for the same period is approximately \$900,000 per month then the total rent schedule for the same period is \$8,100,000. Since under normal circumstances, that is without a rent strike, the rent delinquency is normally approximately \$180,000, this means that \$697,000 can be attributed to the rent strike. This represents approximately 8.6% of the total rent charged for the nine month period. It follows then that HUD could have stated that in that same period the Housing Authority collected 91.4% of the rent charged or \$7,403,400 out of a total of \$8,100,000.

The Housing Authority is well aware of the fact that their percentage of rent delinquency, in spite of the rent strike, is no greater than many large Housing Authorities not affected by such a rent strike. I think that we can all agree that this would be a more accurate picture of the Housing Authority's rent collection efforts.

That it is imperative to settle the rent strike as expeditiously as possible cannot be denied. However, the HUD statement of this as a requirement seems to imply that the NHA has not made "any" effort to resolve the strike and is not collecting rentals from the majority of its tenants. This is simply not true. In the first place, tenants have been informed and are aware that continuation of the strike might destroy the existing public housing program and that they, the tenants themselves, will suffer most from such a result.

The efforts to resolve the rent strike itself have been continuous, and have involved all levels of Management as well as our Community Relations and Legal Departments. The basic elements preventing resolution of the strike appear to be tenant lack of trust and confidence in the intentions and promises of the NHA, plus the confusion and indecision caused by friction among the tenants with contrary opinions and demands. Consequently, the strike continues and additional monies are withheld. Exhibit #1 and #2 show tenant resistance to settlement of the strike.

Despite the tenant resistance to settlement of the strike, and contrary to the implication that rents are not being collected from the majority of tenants, the NHA files contain voluminous records documenting at all levels of Management efforts to collect all rentals. Attached hereto, find Exhibits #3, #4, #5, #6, #6A, #7, #8 and #9. These Exhibits are but a part of the documentation of continuous efforts to collect all rentals through normal procedures, persuasive negotiations and legal actions.

In conclusion, we have attached a copy of the proposed tenant grievance procedure (Exhibit #9) which we hope will resolve much tenant/management conflict, and provide a means of settling the rent strike. This procedure was approved by the tenants and the Housing Authority of February 8, 1971. A law action has been instituted by the Authority, returnable on February 11, 1971, against certain escrow payment trustees, asking the court for a receivership for rents withheld from the Newark Housing Authority, and an accounting and restraint of further escrow payments or withholding of rents.

HUD Finding

Many welfare tenants are delinquent in rent payment. The local authority believes that a large number of these delinquencies are not attributable to the rent strike.

NHA Response

The most recent survey as of December 31, 1970, was a review of accounts receivable in rents from welfare tenants in occupancy and those who moved or "skipped" during the last quarter of the year 1970, as per attached copy.

The total number of families in occupancy owing rent.....	1355
Total amount due in rent from this group amounted to.....	\$377,107.77
Total number of families skipped owing rent was.....	201
Total amount due from "skip-outs" was.....	\$57,488.50
TOTAL DUE IN OCCUPANCY.....	\$ 377,107.77
TOTAL DUE FROM SKIP-OUTS.....	57,488.50
TOTAL.....	434,596.27

The attached recapitulation of all our projects indicates that the highest percentage of delinquency is at the projects where the rent strike has been most effective. Please note projects W.J. 2-11, 2-13, 2-15, and 2-19.

To date we have not been advised by the leaders of the strike or from their attorney the names of such tenants who have paid into the strike fund, but as already indicated, the strength of the strike remains within the projects mentioned in the above paragraph.

HUD Recommendation

We urge the local authority to continue its efforts to negotiate with the Welfare Department to pay rents directly to the local authority. Such agreements have been entered into by local authorities in other states. You should seek amendment of any state law prohibition on such direct payments.

NIA Response

Repeated requests have been made by this Authority to the Director of the Essex County Welfare Board and also to its Chairman about the possibility of making Vendor Payments to Public Housing Authorities directly for non-cooperating welfare clients or by the alternative method of using multiple monthly checks to the clients with one payable to the client and the Housing Authority.

In this connection we have been advised by counsel of the Welfare Board quoting State and Federal Statutes that Vendor Payments as such are not permitted; that in any case that they can only become viable through their establishment in a State Plan approved by the Federal Government.

Assistance is defined as money payment and it shall be given in the form of cash or check. Money payments may be one of the following:

1. Unrestricted payments, which are checks drawn to the order of a recipient for unconditional use (this is the normal monthly check for his or her use).
2. Vendor Payments:

These are checks drawn to the order of anyone who has provided goods or services for recipients. Quoting the above cited counsel, by State Regulation in the Manual of Administration: "Vendor Payments are not authorized for any purpose other than medical care and certain medical services." In other words, to make Vendor Payments for Housing there would have to be authority in the State Regulation, and subsequent authorization in the "Manual of Administration" to the Welfare Boards.

In correspondence to this Authority initiated by it and from Counsel of the Local Welfare Board, dated August 13, 1970, the following interesting quotation is submitted: "The widespread and continuous problem caused by repeated non-payment of rent by assistance recipients has antagonized many landlords to the point where they will not rent to known welfare clients: it has caused landlords to increase the amount of rent they require in order to cover the chronic loss of rental loss resulting from such non-payments; and has resulted in the repeated allowance from Welfare funds for moving costs and has encouraged clients in habits of financial responsibility. All correspondence of this character, and as further recited above, has been sent to the Director of the New Jersey Department of Public Assistance.

We will continue in our endeavors to have the law changed.

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HUD Finding

The present security deposit of \$5 is ineffective.

HUD Recommendation

A policy of requiring no security deposit should be adopted.

NHA Response

The Authority agrees with the HUD recommendation to discontinue its present policy of requiring a \$5 security deposit from new tenants. This recommendation will be effected immediately.

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HUD Finding

The leased housing program is staffed by 2-1/2 employees, even though only 77 dwelling units are under lease. The resulting deficit of \$76,000 must be reversed.

HUD Recommendation

The leased program should be attached to the operations of an established project; the housing manager would assume full control of the leased program and his existing staff will provide all necessary services, except for the role of the inspector. The proration of existing staff to the leased program is estimated to approximate 1/2 of an employee, and the inspector will be charged totally to the leased program - a total of 1-1/2 staff members.

NHA Response

The HUD report requires that the Leased Program be attached to the operations of an established project and that the Housing Manager and his existing staff will provide all necessary services, except for the Inspector, etc. This is an example where the HUD critic is unaware of the facts and procedures in the Leased Program and yet he deigns to criticise it. In the Leased Program the owner agrees by lease to service the dwelling unit (See Proscription Chap. 3, Sec. 2, Par. 3 b, HUD Handbook RHA 7430.1) and to maintain it in good repair and tenantable condition and to make all structural and interior repairs and/or replacements, wilful or wanton damages by the tenant excepted. The requirement to attach satellite private homes to a drone project is unfeasible and impractical. Currently we have 77 units rented at 30 different locations within this City, all of which are geographically distant from any given public housing project. Additionally, and if these private sites were contiguous or close enough to any project, and if, indeed, we were required to service the apartment, the existing project staff would be inadequate to assume this added function. To attach private dwelling units to public housing projects would defeat one of the main objectives of Leased Housing, to wit: to assimilate into private ownership public housing tenants without stigma with which they are now unfortunately saddled. See Leased Housing Handbook (HUD) RHA 7430.1, par. 4, et. seq., wherein it is stated, inter alia "the project-type environment associated with, and suitable for, conventional public housing developments was to be avoided under Sec. 23" (United States Housing Act).

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The HUD report requires that the current 2-1/2 employees be reduced to 1-1/2 employees. It must be emphasized that this program is viable. The existing staff is continually meeting and discussing with private developers, landlords, real estate agents and Boards, inspecting etc., the availability of dwelling units. In fact, there is a current Lease signed for sixteen (16) more units which has been approved by HUD and delivery of the first unit would be made within ninety (90) days of January 1st, 1971. The waiting period is required for the landlord to rehabilitate his units for occupancy. Additionally, during the week of January 25, 1971 a Letter of Intent signed by another developer assured the delivery of an additional 100 dwelling units within the next six (6) months.

It becomes obvious, therefore, that a pragmatic approach to the problem must be maintained to assure the success of this Leased Program which is comparatively a new concept of public housing. Its staff should not be diminished so that it might meet its responsibilities and potential.

We agree that the Leased Housing Program should be within the Management function. The acquisition, rehabilitation, inspection, etc., however, should be the responsibility of the Development Department.

Page 14, No. 24: Prorations

HUD Finding

An examination of prorations of salaries between the low-rent program and the urban renewal program disclosed that the local authority does not have a realistic basis for distributing indirect salaries between the respective programs. On the basis of a test of prorations of salaries in one section of the Department of Finance and Account, the prorations are incorrect.

HUD Recommendation

The Local Authority should conduct a time study of those Departments whose function involves indirect costs to all programs. This time study, which shall be documented, will serve as a basis of payroll distribution. A Quarterly revaluation, with documentation, should be used for periodic revisions of payroll cost distribution.

NHA Response

We had realized before the receipt of your recommendation that there was need for a time study in order to better prorate costs and to establish the most effective work schedules in the various aspects of our operations. In this respect we have begun contacting similar agencies in this area in order to review their methods, the type of staff which performs these duties and the like. Attached is a letter sent to the New York Port Authority on this subject.

We shall continue this process in order to make a proposal on establishing this type of section in the Personnel Department of NHA.

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HUD Finding

Although the local authority has a data processing department which is used to do payroll preparation, the payroll department employs five persons to process time sheets. Project personnel should prepare time sheet data so that the data can be used directly by the data processing department.

HUD Recommendation

The local authority should implement the above procedure, thereby eliminating at least three positions at a savings of approximately \$18,000.

NHA Response

We have long agreed that our present system of time keeping is outdated but we also agree that unless our system is changed and modernized it certainly will be necessary to keep these five employees to handle this phase of payroll work involving time sheets and exception sheets.

We have proposed prior to getting our first computer a system with time blocks and exception sheets. The time clocks would have tapes that could be sent directly to the computer section daily from each location indicating actual hours worked by each employee. We also would receive a daily exception sheet from each location listing name of employee, absences for the particular day, such as sick, vacation, compensatory, etc. However, this system would not reduce the cost of operation but would increase efficiency and speed up the payroll preparation. The savings of the cost of three payroll employees would be more than offset by the cost of the additional equipment required and additional clerical help at the project level since project managers have constantly been complaining that their clerical staffs now are inadequate due to increased tenants problems and services.

The recommendation made by HUD could very readily result in a savings of \$18,000 in the payroll section. But the increase in project clerical personnel would far exceed the savings of three people in the payroll section. There also is the danger in the HUD recommendation of a loss of internal control of the accountability of employees time at the project and field office levels.

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HUD Finding (1)

The overall staffing of the Newark Housing Authority indicates that little consideration has been given to the fact the City of Newark is predominately populated by Negroes and Puerto Ricans.

HUD Recommendation

The NHA should devise and implement an affirmative action program in the recruitment and training of Employees, whereby the minority groups will be better represented in the following job categories: Directors, managers, specialists, technicians, inspectors, skilled craftsmen and office clerical workers.

NHA Response (1)

The Authority disputes the statement that the "Newark Housing Authority should devise and implement an effective action program in the recruitment and training of employees whereby minority groups will be better represented in various categories".

We have submitted statistics to the effect that our total staff is 56% white and 44% non-white, and that, in the last two years, we have hired approximately 70% minority and 30% white employees. To this must be added the fact that any Civil Service system stresses merit principles and promotions from within. It, therefore, stands to reason that as more minority people are being hired, they will fill more upper level positions through promotions in the future.

The current record indicates the following categorical breakdown of minority group employment:

Directors	12.1%
Managers	38.1%
Supervisors	63.3%
Office & Clerical	38.7%
Skilled Craftsmen	20.1%
Semi-skilled	51.5%
Unskilled	54.8%
Service Workers	73.5%
Inspectors	27.7%

Further, the NHA can cite other examples of its policy to upgrade and recruit minority groups. A painter apprentice program has been in effect for seven years, as of December 1, 1970, carpenters apprentice program was implemented, along with journeymen helper programs in the electrical, plumbing, and steamfitter categories.

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Page 15, No. 26: Equal Opportunity

HUD Finding (2)

Personnel records contain insufficient information (i.e. race, previous job experience, job description, copies of references, diplomas and/or college degrees).

HUD Recommendation

The NHA should place the aforementioned information in all employee personnel folders.

NHA Response (2)

Based on your recommendations in this area, the Authority will endeavor to provide more complete information on previous employment, licenses, degrees and the like in our employment records. This will be implemented immediately on all future employees and we will systematically update the information on all current information.

Although we have maintained statistical information on racial background as requested by HUD and the Department of Labor, nevertheless, Title VI specifically forbids the use of employment application designating race as the connotation of discrimination is evident. The Authority has always followed the non-discrimination edict and considers the request of the HUD survey team strange at best. However, we will continue to maintain adequate and accurate statistical data.

Page 15, No. 26 Equal Opportunity

HUD Finding (3)

Equal opportunity employment information is not posted as required by law.

HUD Recommendation

The NHA must post in conspicuous places all information regarding equal opportunity as set forth in Title VI of the Civil Rights Act of 1964, Executive Order 11246 and all rules, regulations and requirements of the U. S. Department of Labor.

NHA Response (3)

The Newark Housing Authority has, in the past, posted all Equal Opportunity Posters as required by law. However, they have been removed by persons unknown for numerous reasons from various bulletin boards, maintenance rooms, lounges, and the like which were inspected. We continuously obtain new supplies and will continue to post them throughout the Authority and periodically inspect to see that they remain posted and replaced whenever necessary.

HUD Finding

Elderly families, generally on fixed incomes, are reexamined annually, even though the Annual Contributions Contract provides for biennial reexamination for families whose head or spouse (or sole member) is 62 years of age or older. There about 5000 elderly in occupancy.

HUD Recommendation

Elderly families, as defined, should be reexamined on a two year cycle. Further, a simplified reexamination procedure (with minimum verification) for those tenants should be established. To distribute the workload more evenly throughout the year, it is suggested that a staggered reexamination schedule for all families be considered. It may be possible to obtain verification, etc. on a more timely basis. If the reexamination schedule for nonelderly is adjusted, HUD approval of the initial extension of the annual reexamination for these families is required.

NHA Response

The recommendation that elderly families be reexamined on a two year cycle is another example of the HUD team not properly reporting the facts. Elderly families are currently being re-examined biennially. In fact, Managers of elderly projects are currently assigned to an Income Check Team to assist in the current reexamination of the incomes of nonelderly families. This fact was expressly stated to several HUD investigators. The recommendation for a simplified reexamination procedure for elderly tenants is currently under study. It is our understanding that HUD, itself, is studying a workable procedure with forms.

Concerning the recommendation of staggering the Income Check, it must be stated that this Authority has employed the system of staggered reexaminations of income as far back as 1940. It was abolished for reasons explained later in this answer. As evidence of this, the following examples are recited:

Project	Official Date of Reexamination	Reexamination to Start	Notice of New Rents	New Rents Effective
Baxter	12-31-42	1-1-44	2-27-44	4-1-44
Seth Boyden	12-31-42	1-1-44	2-27-44	4-1-44
Bradley	5-31-43	6-1-44	7-29-44	9-1-44
Pennington	3-31-43	4-1-44	5-29-44	7-1-44
Fuld	6-30-43	7-1-44	8-29-44	10-1-44
Hyatt	7-31-43	8-1-44	9-29-44	11-1-44
Crane	6-30-43	7-1-44	8-29-44	10-1-44

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In 1944 the Authority managed approximately 3000 units. Now, there are 12,720 units. Why did the Authority discontinue the staggering of the Income Check? The reason is that it did not get cooperation from employers on employment verification forwarded to them by the NHA at different periods of the year, which required them to interrupt their normal procedures and controls to supply us with ad interim reports of income. Employers were quite vocal in their resistance. They claimed that they needed to hire extra personnel or pay overtime to accomodate the NHA requests. Verifications did not get prompt replies. Project staff became over-worked sending, in many cases, three (3) and four (4) verification requests to an employer. Managers and others were compelled to rely on telephone verifications; temporary maximum rents had to be established to compel cooperation; tenants became aggravated at the lack of cooperation of their own employers, etc. In this Authority the reexamination for all projects begins January 1st, notices of new rents are forwarded February 28th, and the effective date of the new lease is April 1st.

By adjusting the Income Check period to the period that employers are required by law to file W-2 Internal Revenue forms greater cooperation was obtained. The employer only had to duplicate the record of earnings of his employee and forward it on to the project manager.

This Authority has small and large projects. The smallest has 236 units, the largest 1680 units. The suggestion recommends "staggering" even within a single project. What real purpose wouldbe served in staggering the Income Check within a project of 236 units? It must be stated that all Managers and office personnel prepare themselves with control data several months prior to the start of the Income Check.

And what about the larger projects? Take Columbus Homes, for example, with 1556 units. In a project of this size, the Manager and his assistants are each responsible for the complete administrative and maintenance functions for approximately 315 units. The Income Check work, thus, is not much greater than in the smallest project of 236 units.

And what about the need for accurate information, statistical and otherwise, required by HUD for subsidy payments, etc? Staggering the Income Check would compel estimates instead of actual data by relying on calculations not current. As HUD officials may be aware, requests for subsidies required by certain dates conceivably would omit projects not reexamined.

Considering the overall analysis of this problem, the Newark Housing Authority believes its current system of reexamination has greater merit then that contained in the HUD recommendations.

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HUD Finding

The Authority has a new development now in the design state that requires comment. This is to contain 826 dwellings for elderly and family occupancy. It is proposed that this development give impetus to housing large families to a degree not heretofore offered.

It is assumed that 35% of the family units will be occupied by non-intact families (one parent, with children).

In this group, the ratio of adult to children will present a control problem about twice as great as any project in Newark.

Further, the square footage of site per occupant is less by far than that for all projects except those numbered 15, 19, and 13, and is only slightly better than these.

HUD Recommendation

We recommend a restudy of the concept of the proposed project and suggest the total impact be dispersed throughout the City.

NHA Response

The plans for Project NJ 2-20 as originally conceived, received HUD approval at all stages.

However, as a direct result of the social and economic changes within Newark, more active involvement of local community groups, specifically the PAC group, as well as the current HUD recommendations, the existing plans for NJ 2-20 shall be thoroughly re-examined.

four (4) housing projects. In each area the Area Manager actually managed the smallest project within his area with that project being his base of operations for his area. Also, projects of under 600 units were assigned a Manager. Projects of over 600 units and under 1200 units were assigned a Manager and an Assistant Manager. Projects of over 1200 units were assigned a Manager and two (2) Assistant Managers.

The assignment of Manager and/or Assistant Manager to each Project was compelled by the drastic change in the occupancy patterns of the projects and resulting from the implementation of the 1949 Amendment of the Housing Act which required the housing of many families who were displaced under the redevelopment features of the statute and who, in many cases, were undesirable in relation to minimum standards and whom we were mandated to house.

The impact upon the program brought about by these radical changes pointed up the need to reorganize the Management Division and to revise its concepts and techniques. The Area Manager Plan with a line function in the Management Division in which specific responsibility was clearly defined was not wholly satisfactory. It became apparent after a trial period of two (2) years that this plan had to be abandoned as it did not adequately strengthen supervision to a point of complete acceptability.

In October of 1959, and even though the Area Plan had prior approval of the New York Regional Office of the Public Housing Administration and after many conferences and a review by the representatives of the Public Housing Administration and the local Authority, the Area Manager Plan was abolished and the top structures of the Management Division was revised to include a Director of Management and Assistant Directors of Management. The Assistant Directors of Management act as field supervisors and are charged with the responsibility of seeing to it by inspection and direction that each project is being operated in accordance with the approved Management procedures and techniques; they will assist in organizing and conducting training sessions for project Management employees in all title classifications; in periods of emergencies and in times of peak work load will assist in the local Management function; they assist the Housing Manager in formulating project operating plans within the framework of the law and the Management Manual, etc. SEE CHART OF THE ORGANIZATIONAL STRUCTURE - EXHIBIT #2. Please note that the chart shows one (1) Assistant Director of Management was placed in charge of all project maintenance functions of all projects, two (2) Assistant Directors of Management in charge of all administrative functions of all projects. The actual assignment, however, was one (1) Assistant Director of Management for this function.

On January 21, 1960 a change was made eliminating one (1) Assistant Director of Management and dividing the twelve (12) housing projects between the two (2) remaining Assistant Directors of Management. Under the 1960 plan, each Assistant Director of Management assumed full jurisdiction, both administrative and